CHARTERED PROFESSIONAL ACCOUNTANTS ONTARIO

FOCUS ON PRACTICE INSPECTION

REPORTABLE DEFICIENCIES | 2016-2017

Contents

The purpose of Practice Inspection is not only to protect the public, but also to provide an educational experience that can help practitioners improve their professional standards.

As such, the Practice Inspection Committee ("committee") reviews the annual inspection results to identify those areas where adherence to the CPA Canada Handbook recommendations could be improved and issues this summary to provide guidance to practitioners.

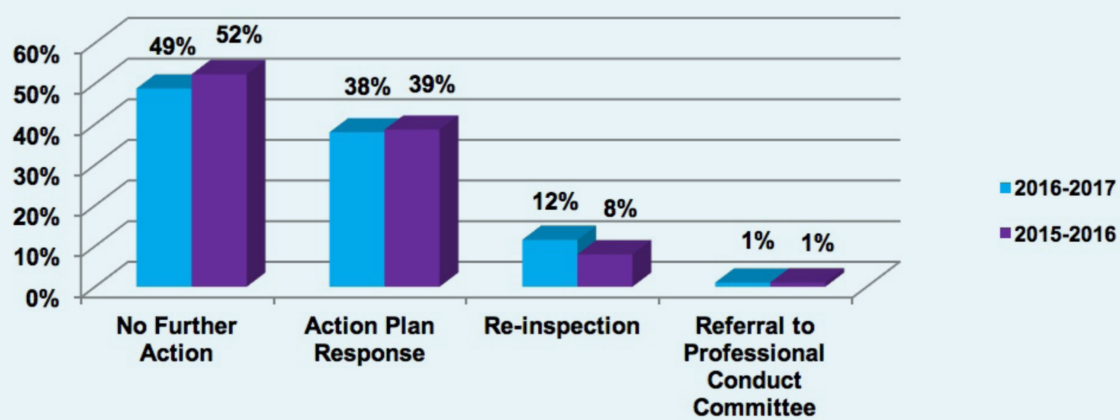
Background

As noted, the objective of Practice Inspection is "the protection of the public by assessing the compliance with professional standards of members/firms that perform assurance, compilation and other specified engagements, and by taking appropriate follow-up or remedial action in instances of non-compliance. The public is further protected by practice inspection providing an educational experience to members/firms".

Results of Inspection

During the 2016-2017 inspection year, 580 (564 in 2015-2016) assurance-based practices were inspected, of which:

- 87% resulted in the committee requiring no further action or only the submission of an acceptable action plan response from the office (91% in 2015-2016);
- 12% resulted in the committee requiring a re-inspection of the office (8% in 2015-2016); and
- 1% resulted in the committee referring a member to the Professional Conduct Committee for its independent assessment (1% in 2015-2016).



The above results do not include the inspection of 701 (636 in 2015-2016) practices that only perform compilation engagements. Of these practices over 99% (over 99% in 2015-2016) resulted in no further action or the submission of an acceptable action plan response from the practice.

Factors Considered by Practice Inspection Committee

In determining the action to be taken following an inspection, the Practice Inspection Committee's considerations may include, but are not limited to:

- the degree to which the requirements of the practice inspection program have been met;
- the nature and severity of any identified deficiencies;
- the cooperation of the member/firm;
- the public interest; and
- on a re-inspection, the results of any previous inspections of the member/firm and the response of the member/firm to those inspections.

A referral to the Professional Conduct Committee occurs when the Practice Inspection Committee is of the view that it cannot affect appropriate remedial action or a referral is required in the public interest. Other matters resulting in a referral include a breach of the CPA Code of Professional Conduct or an unlicensed practitioner completing assurance engagements.

The most common identified departures from professional standards are set out in Appendix 1. These include deficiencies with respect to the documentation of audit, review and compilation engagements, financial statement presentation, and the documentation and implementation of quality control policies and procedures. It is important to note that Practice Inspection does not set standards; members/firms are expected to adhere to the professional standards set out in the CPA Canada Handbook and CPA Ontario Member's Handbook.

Areas of Focus for Practitioners

Quality Control Policies and Procedures

Many firms that perform assurance engagements utilize one of the standardized Quality Assurance Manual (QAM) templates as the basis for documenting their quality control policies and procedures. While such templates are a useful starting point for the documentation of a firm's policies, they should be tailored to meet the firm's requirements and actual practices, while remaining compliant with the requirements of CSQC 1, *Quality Control for Firms that Perform Audits and Reviews of Financial Statements, and Other Assurance Engagements*.

When firms tailor the standardized QAM for their own needs, care should be taken to ensure that critical requirements of CSQC 1 are not inadvertently omitted. One such example encountered in a number of inspections was the removal of all references to Engagement Quality Control Review (EQCR), which is also referred to as File Quality Review (FQR). While the firm's rationale may be that engagements with a level of risk warranting an EQCR would never be undertaken, the standard still requires a firm to have policies and procedures with respect to EQCRs, including criteria against which assurance engagements are evaluated to determine whether an EQCR is necessary.

There also seems to be confusion around the difference between an annual monitoring and a cyclical monitoring, both of which are requirements under CSQC 1. There are some key differences between the two types of monitoring. Ongoing monitoring includes an annual component where the firm performs certain monitoring activities every year (also referred to as “annual monitoring”) and is intended to be a “check-up” on the state of the firm’s quality control system. It must also include, on a cyclical basis, an inspection of at least one completed assurance engagement for each engagement partner. Frequently referred to as a “cyclical monitoring”, this tests how the firm’s quality control system is functioning at the engagement level. Cyclical monitoring must be performed by someone with no previous involvement with the engagement. A practice inspection by CPA Ontario does not satisfy this requirement.

Ongoing Monitoring Considerations

Any deficiencies identified during the ongoing monitoring process need to be evaluated:

- to determine if they indicate that the firm’s system of quality controls is not sufficient to provide reasonable assurance that it complies with professional standards and applicable legal and regulatory requirements, and that the reports issued by the firm or engagement partners are appropriate in the circumstances;
- to determine if there are systemic, repetitive or other significant deficiencies that require prompt corrective action;
- to become the basis for communications to relevant engagement partners and other appropriate personnel of the deficiencies noted in the inspection report; and
- to provide recommendations for appropriate remedial action for deficiencies noted. These actions may include:
  - taking remedial action in relation to an individual engagement or staff member;
  - incorporating appropriate training and professional development to address the deficiencies;
  - changes to the quality control policies and procedures; or
  - disciplinary action against those who fail to comply with the policies and procedures of the firm, especially for those who do so repeatedly.

Compilation Engagements

Overall, improvement was noted in the performance of compilation engagements. In particular, the documentation of assessment of engagement acceptance/continuance and independence had improved.

However, an area of concern was the failure to document the terms of engagement. Specifically, where a client had a long-standing relationship with the practitioner or firm, it was not uncommon to find that engagement terms had not been documented for the compilation engagement for either the current or prior years. Regardless of the length of the relationship with the client, there needs to be a clear understanding and agreement as to the nature and extent of the services to be provided by the public accountant and the terms of the communication relating to these services. An engagement letter normally provides the clearest record of the agreement reached with the client, reducing the risk of a misunderstanding of the scope of the engagement should the relationship between the client and the firm deteriorate.

Audit Engagements

Documentation is essential. A common theme behind many of the deficiencies raised by Practice Inspection is not that the work was not performed, but rather that the documentation of such work was inadequate or not present. The basis for significant professional judgements made, the audit work performed and support for conclusions reached should always be documented. CAS 230 sets out that audit documentation has to be sufficient to enable an experienced auditor, having no previous connection with the audit, to understand: the nature, timing and extent of procedures performed: the results of those procedures and audit evidence obtained; and any significant matters arising during the audit.

Examples of Good Audit Documentation

When preparing audit documentation, the auditor of a smaller, less-complex entity may find it helpful and efficient to record various aspects of the audit together in a single document, with cross-references to supporting working papers as appropriate. Examples of matters that may be documented together in the audit of a smaller, less-complex entity include:

- the understanding of the entity and its internal control;
- the overall audit strategy and audit plan;
- materiality;
- assessed risks, significant findings or issues noted during the audit; and
- conclusions reached.

Furthermore, when documenting tests of details or controls, one working paper could be used to summarize the performance of an audit procedure, rather than spreading this information over numerous working papers. The single working paper should include: a description of the procedure; its objective; identify the items tested; the results of the procedure; and the conclusion.

It is also useful to establish a tickmark legend, which should be included in all working paper files. This will ensure that a reviewer can easily understand the audit work that has been performed.

While many auditors use template checklists, such as the Canadian Professional Engagement Manual (C-PEM) or the Professional Practice Manual (PPM), it is important to go beyond just “ticking the boxes” with a yes or no response. Documentation should be expanded to include information sufficient to allow the experienced auditor (referred to above) to understand the work performed and why the stated conclusions were reached. This does not mean that documentation needs to include every piece of paper examined during the course of the audit. It does mean that the documentation should include details on the factors considered when forming professional judgement on matters such as determining the sampling method and sample size to be used for a test of details or what controls were being relied upon as part of the audit strategy. It should also detail how professional skepticism was demonstrated and maintained in the audit approach.

Review Engagements

As with audit engagements, one of the key drivers behind the reportable deficiencies raised during inspections is insufficient documentation of review engagements. Many firm responses indicated that matters were discussed with the client, but had not been documented. That is not sufficient.
Once the new CSRE 2400, Engagements to Review Historical Financial Statements, comes into effect, documentation will become even more critical. (Note: CSRE 2400 is effective for periods ending on or after December 14, 2017; early adoption is not permitted.) The new standard places greater emphasis on the practitioner's professional judgement in recognizing circumstances that may cause the financial statements to be materially misstated.

Documentation Under CSRE2400

Greater documentation will be required around the practitioner's understanding of the entity, specifically with respect to accounting systems, and the identification of areas in the financial statements where material misstatements are likely to arise.

Required inquiries, which will also have to be documented, are more extensive, covering matters such as:

- how management makes significant accounting estimates;
- the identification of related parties and related-party transactions, including the purpose of those transactions;
- whether there are significant, unusual or complex transactions, events or matters that have affected or may affect the financial statements;
- the existence of any actual, suspected or alleged fraud or illegal acts and non-compliance with provisions of laws and regulations;
- subsequent events;
- going concern;
- commitments, contractual obligations or contingencies; and
- material non-monetary transactions.

In the past, the calculation of materiality for a review engagement, while encouraged, was not required. Under CSRE 2400, this is now a requirement and must be documented.

Documentation requirements for a review engagement are now specifically addressed in paragraphs 104-107 of CSRE 2400. Documentation should be sufficient for an experienced practitioner, having no previous connection with the engagement, to understand:

- the nature, timing and extent of the procedures performed (including who performed the work and the date it was completed, and who reviewed the work as well as the date and extent of the review);
- the results obtained from the procedures performed and the practitioner's conclusions arising from those procedures; and
- significant matters arising during the engagement, the practitioner's conclusions and significant professional judgements made to reach those conclusions.

Action Plans

For some years, firms have been asked to submit an action plan to the Practice Inspection Committee in response to any reportable deficiencies raised during the inspection. The intent is to allow firms to proactively communicate to the committee the actions they plan to take in order to address the reportable deficiencies. The committee's expectation is that the actions set out in a firm's plan will be incorporated into the firm's quality control procedures.

While the committee does not solicit responses to non-reportable matters, firms should still consider if attention to such matters is warranted as part of their own ongoing internal monitoring.

The approach used to complete an action plan should be similar to that used to address any deficiencies noted as a result of the firm's internal monitoring process, as required under paragraphs 49-51 in CSQC1 and cover the same considerations listed above in the Quality Control section of this letter.

Consideration must be given to the "root causes" of the deficiencies raised. Were they isolated situations that can be readily addressed by making a note in the future year's documentation? Or are more holistic solutions required to address the cause, such as changes to the firm's policies, procedures or behaviors?

Firms may choose to use the action plan template and a link to it can be found on the main Practice Inspection[1] page of our website. It covers how the firm plans to address each deficiency, identification of root causes of deficiencies and what actions are proposed to address the causes identified. Some actions which might be taken include ensuring appropriate professional development is taken by partners and staff, updating checklists used within the firm for any changes in accounting or assurance standards, and increasing the supervision of teams performing assurance work.

When the committee evaluates whether an action plan is considered "acceptable", it considers whether the firm appears to be taking the deficiencies seriously and the plan appropriately addresses the issues raised. If the committee deems an action plan to be "unacceptable", it is often because the deficiencies raised in the inspection report have not been adequately addressed or even acknowledged. A common response is that a deficiency is considered to be "isolated" – and therefore not a risk. While it is possible that some deficiencies are isolated in nature, this becomes less likely if the same deficiency is being raised for multiple engagements inspected or there are cumulatively many deficiencies. Before drafting your response, it is strongly advised that the Handbook requirements referred to in each deficiency are reviewed carefully to ensure that the response is appropriate.

The action plan should be drafted separately from any other comments the firm wishes to submit. If the firm believes that unwarranted deficiencies were raised by the inspector, copies of relevant supporting documentation should be included as part of the submission. If the deficiency relates to lack of documentation, in the absence of supporting documentation, there is no way to evaluate whether the firm's position is justified and removal of the deficiency warranted.

1 https://www.cpaontario.ca/cpa-members/public-practice/practice-inspection

Resources

In addition to the CPA Canada Handbooks on Accounting and Assurance, which can be found at Knotia.ca and are free for all CPA Canada members, there are many other resources available at no charge to members.

One such resource is CPA Ontario's Advisory Services[2], where members can get help in interpreting the CPA Code of Professional Conduct and the bylaws and regulations contained in the CPA Ontario Member's Handbook, as well as technical standards contained in the CPA Canada Handbooks and guidance on various practice management issues. Advisory Services also provides useful articles and guidance materials. If you wish to speak with someone on a specific matter, you can contact them by email at practiceadvisory@cpaontario.ca.

Two other good resources are the CPA Canada[3] website and the Financial Reporting & Assurance Standards Canada[4] website. These websites contain useful guidance on all the Canadian accounting frameworks and assurance standards, along with information on developing issues and discussions on proposed new standards.

Practitioners providing assurance services in Ontario, such as the performance of audits or reviews of financial statements, require licensure by the Public Accountant's Council for the Province of Ontario (PAC). A quick and easy way to check if a practitioner is licensed is to consult the PAC website's Public Roll of all public accountants who are licensed. The link can be found on the PAC's[5] home page.

While the above links are intended to be useful resources, they do not necessarily reflect the views and opinions of Practice Inspection.

Questions

Should you have questions and/or require more information on any of the above, please contact: pracinsp@cpaontario.ca.

Jean M. Prichard, CPA, CA – Chair
Practice Inspection Committee

Michael Walker, CPA, CA
Director, Practice Inspection

2 https://www.cpaontario.ca/cpa-members/benefits-services/advisory-services
3 https://www.cpacanada.ca/en/business-and-accounting-resources
4 http://www.www.frascanada.ca
5 http://www.pacont.org

Appendix 1 – Common Deficiencies in Compliance with Professional Standards (In Order of Frequency)

Audit Engagements

- The auditor did not document the design and performance of substantive audit procedures for each material class of transactions, account balance, and disclosure.

  CAS 330 paragraph 18; CAS 500 paragraph 6

- The auditor did not document the design and performance of audit procedures to test the appropriateness of journal entries recorded in the general ledger and other adjustments made in the preparation of the financial statements.

  CAS 240 paragraph 33; CAS 330 paragraph 20

- In determining overall responses to address the assessed risks of material misstatement due to fraud at the financial statement level, the auditor did not incorporate an element of unpredictability in the selection of the nature, timing and extent of audit procedures.

  CAS 240 paragraph 30

- When the auditor used audit sampling to provide a reasonable basis to draw conclusions about the population from which the sample was selected, the documentation did not reflect how the auditor met the requirements of the standard. The auditor shall determine a sample size sufficient to reduce sampling risk to an acceptably low level and select items for the sample in such a way that each sampling unit in the population has a chance of selection. The auditor shall perform audit procedures on each item selected for the sample, with a replacement item selected if the procedure is not applicable to the selected item, or treat it either as a misstatement in a test of detail if the auditor is unable to apply the designed audit procedure on it (and project the misstatements found to the population) or as a deviation in a control test. The auditor shall then evaluate the results of the sample and whether it was provided a reasonable basis for conclusions about the population that had been tested.

  CAS 530 paragraphs 6-8 and 12-15

- When obtaining an understanding of controls that are relevant to the audit, the auditor did not evaluate the design of those controls and determine whether they were implemented.

  CAS 315 paragraph 13

- The auditor did not evaluate whether unusual or unexpected relationships that have been identified in performing analytical procedures, including those related to revenue accounts, may indicate risks of material misstatement due to fraud. When assessing risk, the auditor shall consider whether unusual or unexpected relationships exist.

  CAS 240 paragraphs 23 and 35

- As part of the risk assessment procedures, there was no documentation of discussion with those charged with governance regarding an understanding of how those charged with governance exercise oversight of management's processes and internal controls for identifying and responding to the risks of fraud and their knowledge of any actual, suspected or alleged fraud.

  CAS 240 paragraphs 21 and 22

Audit Engagements

- The auditor did not make inquiries of management regarding management's assessment of the risk that the financial statements might be materially misstated due to fraud and their knowledge of any actual, suspected or alleged fraud affecting entity.

  CAS 240 paragraphs 17 and 18

- The auditor did not document the reasons for concluding that the presumption of a risk of material misstatement due to fraud related to revenue recognition is not applicable in the circumstances of the engagement.

  CAS 240 paragraph 26 and 27

- The auditor did not identify and assess the risks of material misstatement at the financial statement level, and at the assertion level for classes of transactions, account balances and disclosures.

  CAS 315 paragraph 25

- The auditor did not communicate with those charged with governance an overview of the planned scope and timing of the audit.

  CAS 260 paragraph 15

- The auditor did not perform audit procedures designed to obtain sufficient appropriate audit evidence that all events occurring between the date of the financial statements and the date of the auditor's report or as near as practicable thereto, that require adjustment of, or disclosure in, the financial statements have been identified.

  CAS 560 paragraphs 6 and 7

- When designing and performing substantive analytical procedures, either alone or in combination with tests of details, the auditor did not evaluate the reliability of data from which the auditor's expectation of recorded amounts or ratios is developed, taking account of source, comparability, and nature and relevance of information available, and controls over preparation.

  CAS 520 paragraph 5

Review Engagements

- The public accountant did not adequately document whether the information being reported on is plausible in the circumstances within the framework of appropriate criteria. Such a review should consist of inquiry, analytical procedures and discussion; and additional or more extensive procedures when the public accountant's knowledge of the business carried on by the enterprise and the results of the inquiry, and analytical procedures and discussion cause him or her to doubt the plausibility of such information.

  Section 8100 paragraph 15

- Management's written representations were not effective as of the date of the review engagement report.

  Section 8200 paragraph 35

- There was no documentation that the public accountant had formed a conclusion on compliance with independence requirements or whether appropriate procedures regarding the acceptance and continuance of the client relationship and the specific assurance engagement had been performed and the conclusions reached.

  Section 5030 paragraphs 10, 15 and 18

- There was no documentation to support the date of the public accountant's report. Because the reader is entitled to assume that the public accountant has performed sufficient procedures to that date to support the conclusion expressed in his or her report, the public accountant's report cannot be dated until the financial statements have been completed and management has acknowledged responsibility for them.

  Section 8100 paragraph 30; AuG-47

- There were no working papers describing the major aspects of the business, normal types of transactions, major suppliers and customers, or types of risk in the business. Sufficient knowledge of the client's business would enable the public accountant to make intelligent inquiries and a reasonable assessment of responses and other information obtained.

  Section 8100 paragraphs 15, 17 and 24; AuG-20

- The written agreement documenting the terms of the engagement did not describe the all the elements of the responsibility of the client's management.

  Section 8200 paragraphs 18 and 19; AuG-20

Review Engagements

- There was no representation letter obtained from the client. The public accountant should obtain management's written representations regarding matters that are important to support the content of his/her report for all financial statements reported on. The letter should include management's representations on matters that are:
  a. directly related to items that are material, individually or in aggregate, to the financial statements;
  b. not directly related to material items but are significant, individually or in aggregate, to the engagement; or
  c. relevant to management's judgements or estimates that are material, individually or in aggregate, to the financial statements.

  Section 8200 paragraphs 31 and 33

- The accountant's communication did not comply with the Standards. The presentation and wording of the review engagement report should be in accordance with the Standards.

  Section 8100 paragraphs 15 and 26

Compilation Engagements

- There was no documentation that the public accountant had considered whether there were any matters that would impair his/her independence. If any matters have been identified, the nature and extent of the impairment will need to be disclosed in the notice to reader communication.

  CPA Code of Professional Conduct, Rule 204.10 (formerly Rules of Professional Conduct, Rule 204.8)

- The Notice to Reader communication was on a separate page of the financial statement package; however each page of the financial statements was not conspicuously marked "Unaudited – See Notice to Reader".

  Section 9200 paragraph 25

- The public accountant did not document in the file that an understanding and agreement with the client had been reached as to the services to be provided.

  Section 9200 paragraph 16

Financial Statement Presentation

- An enterprise did not disclose all the required information about its transactions with related parties including, but not limited to, a description of the relationship between the transacting parties, the measurement basis used, the terms and conditions for the amounts due to or from related parties, a description of the transaction(s), including those for which no amount has been recognized and the recognized amount of the transactions classified by financial statement category.

  Part II Section 3840 paragraph 51

- For a preferred share issued in a tax planning arrangement, an entity did not disclose the amount for these preferred shares, described as redeemable at the option of the holder, as a separate line item in the equity section of the balance sheet, together with the total redemption amount for all classes of such shares outstanding on the face of the balance sheet and the aggregate redemption amount for each class of such shares.

  Part II Section 3856 paragraphs 23 and 47

- When an enterprise applied the taxes payable method of accounting for income taxes, the financial statements did not disclose a reconciliation of the income tax rate or expense related to income or loss for the period before discontinued operations to the statutory income tax rate or the dollar amount that would result from its application, including the nature and amount of each significant reconciling item, and the amount of unused income tax losses and unused income tax credits carried forward.

  Part II Section 3465 paragraph 88

- An entity did not disclose the carrying amount of any financial liabilities that are secured, together with the carrying amount of assets it has pledged as collateral for liabilities and the terms and conditions relating to its pledge.

  Part II Section 3856 paragraph 44

- An entity did not disclose the foreign exchange gains or losses included in net income.

  Part II Section 1520 paragraph 4; Section 1651 paragraphs 20 and 56

- The entity's balance sheet, as at period end, did not distinguish its total liabilities.

  Part II Section 1521 paragraphs 2 and 3

- An entity did not disclose the accounting policies adopted in measuring inventories, including the cost formula used, together with the total carrying amount of inventories and the carrying amount in classifications appropriate to the entity, and the amount of inventories recognized as an expense during the period.

  Part II Section 3031 paragraph 35

- An enterprise did not disclose the policy that it adopts in determining the composition of cash and cash equivalents and present a reconciliation of the amounts presented in its cash flow statement with the equivalent items presented in the balance sheet.

  Part II Section 1540 paragraph 43

Financial Statement Presentation

- There was no disclosure with respect to the significant risks arising from financial instruments for the entity, including credit risk, currency risk, interest rate risk, liquidity risk, market risk, and other price risk. Disclosures shall include the exposures to risk, how they arise, and any changes in risk exposures from the previous period. Significant risks arising from derivatives shall be disclosed separately.

  Part II Section 3856 paragraphs 53 and A66

- A guarantor did not disclose, for each guarantee, or each group of similar guarantees, even when the likelihood of the guarantor having to make any payments under the guarantee is slight: the nature of the guarantee, including the approximate term of the guarantee, how the guarantee arose and the events or circumstances that require the guarantor to perform under the guarantee; the maximum potential amount of future payments (undiscounted) the guarantor could be required to make under the guarantee; the current carrying amount of the liability, if any, for the guarantor's obligations under the guarantee; the nature of any recourse provisions that enable the guarantor to recover from third parties any of the amounts paid under the guarantee; and the nature of any assets held as collateral or by third parties that, upon the occurrence of any triggering event or condition under the guarantee, the guarantor can obtain and liquidate to recover all or a portion of the amounts paid under the guarantee.

  Part II AcG-14 paragraph 9

- For issued share capital, an enterprise did not disclose the number of shares for each class, giving a brief description and the par value (if any), the dividend rates on preference shares and whether or not they are cumulative, and the redemption price of redeemable shares.

  Part II Section 3240 paragraph 20

- The accounting policy used to account for income taxes was not disclosed. An enterprise shall use the taxes payable method or the future income taxes method to account for income taxes.

  Part II Section 1505 paragraph 6; Section 3465 paragraph 3

- The major categories of revenue recognized during the period were not disclosed separately by the entity.

  Part II Section 1520 paragraph 4; Section 3400 paragraph 33

- An enterprise that prepares its financial statements in accordance with Canadian accounting standards for private enterprises did not state this basis of presentation prominently in the notes to its financial statements.

  Part II Section 1400 paragraph 16

- Future minimum lease payments in the aggregate and for each of the five succeeding years under operating leases were not disclosed.

  Part II Section 3065 paragraph 77

- For revenues of a not-for-profit organization, other than revenues from contributions, the revenue recognition policy was not disclosed.

  Part II Section 1505 paragraphs 3 and 6; Section 3400 paragraphs 4 – 6; Part III Section 4410 paragraph 01

Financial Statement Presentation

- The financial statements of a not-for-profit organization did not include a description of the organization's purpose, intended community of service, status under income tax legislation, or legal form.

  Part III Section 4400 paragraph 4

- An organization that prepares its financial statements in accordance with Canadian accounting standards for not-for-profit organizations did not state this basis of presentation prominently in the notes to its financial statements.

  Part III Section 1401 paragraph 17

Qualiy Control Policies and Procedures

- The firm did not establish a monitoring process that included, on a cyclical basis, inspection of at least one completed engagement for each engagement partner.

  CSQC 1 paragraph 48

- The firm did not perform an ongoing consideration and evaluation of the firm's system of quality control.

  CSQC 1 paragraph 48

- The firm established policies and procedures setting out the nature, timing and extent of an engagement quality control review. Such policies and procedures did not require that the engagement report not be dated until the completion of the engagement quality control review.

  CSQC 1 paragraph 36

- The firm did not establish policies and procedures for engagement teams to complete the assembly of final engagement files on a timely basis after the engagement reports have been finalized.

  CSQC 1 paragraph 45