

Practice Review Self-assessment Questionnaire

Important Note

Below are the contents of the questionnaire for your easy reference. Please note that the questionnaire is required to be completed and submitted on-line and hard copy submission will **not** be accepted.

The information requested by this questionnaire generally refers to your practice's current status. Some specified questions relate to the last twelve months before the date of the launch of this questionnaire (i.e. from 1 April 2017 to 31 March 2018).

1. Quality control policies and procedures

- (a) Have quality control policies and procedures been implemented? (Please choose only one of the following)
- Yes
- No, please explain: _____
- (b) Have the policies and procedures been updated since implementation? (Please choose only one of the following)
- Yes, please indicate when the most recent update was: _____
- No
- (c) Have the policies and procedures been communicated to professional staff? (Please choose only one of the following)
- Yes
- No, please explain (e.g. No professional staff): _____
- (d) How were quality control policies and procedures developed? (Please choose only one of the following)
- Developed by your practice
- Modify the HKICPA publication "A Guide to Quality Control" to suit your practice's circumstances
- Other: _____
- (e) Has your practice retained documentation to provide evidence of the operation of each element of the system of quality control? (Please choose only one of the following)
- Yes
- No, please explain: _____
- [Please answer question 5(f) if 5(e) is "Yes"]
- (f) Has your practice retained documentation to show evidence of the following: (Please choose all that apply)
- Assessments of independence of your practice and its personnel
- Consideration given to support acceptance and continuance of client relationships and specific engagements
- Staff performance evaluations and appraisals
- Training of partner(s) or director(s) and audit staff
- Monitoring reviews

2. Audit methodology and procedures

- (a) Are audit methodology and procedures documented and available for staff reference? (Please choose only one of the following)
- Yes
- No, please explain: _____
- (b) Are audit methodology and procedures updated to take into account the latest requirements of Hong Kong Standards on Auditing and other professional standards? (Please choose only one of the following)
- Yes, please indicate when the most recent update was: _____
- No, please explain: _____
- (c) How were audit methodology and procedures developed? (Please choose all that apply)
- Developed by your practice
- Adopt the HKICPA publication "Audit Practice Manual" in full
- Adopt relevant parts of the HKICPA publication "Audit Practice Manual"
- By reference to sources within your practice's network
- By reference to sources from other professional organizations
- Other: _____

3. Engagement quality control review ("EQCR")

(Please refer to Explanatory Notes for the meaning of EQCR)

- (a) Does your practice have EQCR policies and procedures? (Please choose only one of the following)
- Yes
- No, please explain: _____
- (b) Has an EQCR been carried out on any engagements? (Please choose only one of the following)
- Yes
- No, please explain (e.g. No engagement required an EQCR): _____

4. Continuing Professional Development ("CPD")

- (a) Does your practice provide structured internal training courses to partner(s), director(s) or audit staff from 1 April 2017 to 31 March 2018?
- Yes
- No, please explain (e.g. No audit staff): _____
- (b) Did your practice's partner(s) or director(s) attend any external training events or workshops from 1 April 2017 to 31 March 2018?
- Yes
- No

[Please answer 4(c) if 4(a) or 4(b) is "Yes"]

- (c) Does the training cover topics related to financial reporting, auditing or the Code of Ethics for Professional Accountants ("the Code")?
- Yes

No

5. Monitoring review

(Please refer to Explanatory Notes for the meaning of a monitoring review)

(a) Was a monitoring review completed during the period from 1 April 2017 to 31 March 2018? (Please choose only one of the following)

- Yes, please specify month and year of completion _____
 No, please explain: _____

[Please answer question 5(b) if 5(a) is "No"]

(b) Was a monitoring review completed prior to 1 April 2017? (Please choose only one of the following)

- Yes, please specify month and year of completion of the most recently completed monitoring review: _____
 No, please explain: _____

[Please answer question 5(c) – 5(g), if 5(a) or 5(b) is "Yes"]

(c) Did the monitoring review include a review of implementation of firm-wide quality control policies and procedures?

(Please choose only one of the following)

- Yes
 No, please explain: _____

(d) Did the monitoring review include a review of completed audit engagement files?

(Please choose only one of the following)

- Yes
 No, please explain: _____

(e) Were the monitoring review procedures, results and follow up action plan documented?

(Please choose only one of the following)

- Yes
 No, please explain: _____

(f) Have the monitoring review findings been followed-up?

(Please choose only one of the following)

- Yes
 No, please explain (e.g. No findings were identified): _____

(g) Which department(s) or organization(s) or individual is (are) responsible for carrying out the monitoring review?

Name(s) of department(s) or organization(s) or individual (with position):

[Please answer question 5(h) regardless of all the answers to 5(a) – (g)]

(h) When is the next planned monitoring review?

Please specify month and year of completion _____

6. Ethical requirements

(a) Does your practice have policies and procedures to address compliance with the Code and HKSQC 1? (Please choose only one of the following)

- Yes
 No, please explain: _____

(b) Has your practice obtained annual written confirmation of compliance with your practice's independence policies and procedures from all firm personnel required to be independent by the Code during the period from 1 April 2017 to 31 March 2018?

(Please choose only one of the following)

- Yes
 No, please explain: _____

(c) Did your practice or your practice's practising or non-practising partners (or directors or authorized signatories) or staff or other parties with close business relationship with your practice (including an entity controlled by any of the partners or directors of your practice and a subcontractor) provide any of the following non-assurance services to your audit clients during the period from 1 April 2017 to 31 March 2018?

- Yes
Please choose type(s) of non-assurance services(s) provided

(Please choose all that apply)

- Tax compliance services e.g. tax computation
 Tax advisory services
 Company secretarial services
 Book keeping services
 Nominee director / shareholder service
 Other services

- No non-assurance services were provided

(d) Does your practice have policies and procedures in place that adequately eliminate or reduce to an acceptable level any identified threats to independence by employing safeguards set out in the Code?

(Please choose only one of the following)

- Yes
 No, please explain: _____
 N/A, please explain: _____

7. New acceptance of clients and engagements

Does your practice have new client and engagement acceptance policies and procedures?

(Please choose only one of the following)

- Yes
 No, please explain: _____

8. Completion of the assembly of final engagement files

Does your practice have policies and procedures for audit teams to complete the assembly of final engagement files on a timely basis after the engagement reports have been issued?

(Please choose only one of the following)

- Yes
 No, please explain: _____

9. Use of subcontractors

(a) Has your practice engaged any individual(s), firm(s), corporate practice(s) or other party(ies) which are not your staff or your network firm's staff to perform any audit or assurance engagement work for your practice?

(Please note that you can select "No" if the arrangement is purely staff resources sharing within network firms and/or reliance on the audit work of component auditors.)

(Please choose only one of the following)

- Yes
 No

[Please answer 9(b) to 9(e), if 9(a) is "Yes".]

(b) Does your practice have control over the audit process in respect of the use of subcontractor(s) and retain full responsibility for the audit report(s)?

(Please choose only one of the following)

- Yes
 No, please explain: _____
 Other: _____

(c) Are the subcontractors so engaged subject to your practice's system of quality control? (Please choose only one of the following)

- Yes
 No, please explain: _____
 Other: _____

(d) How many subcontractors did your practice engage during the period from 1 April 2017 to 31 March 2018?

_____ (Please insert number)

(e) How many audit(s) of annual financial statements did your practice conduct and issue a report during the period from 1 April 2017 to 31 March 2018 involved the use of subcontractor(s)? (Please choose only one of the following)

- 0
 1-10
 11-20
 21-30
 31-40
 41-50
 51-100
 101-300
 301-500
 501-1000
 >1000

10. Business referrals

- (a) Does your practice get business referrals of audit clients from independent accounting, tax, company secretary and / or other service providers, excluding bankers or lawyers, who are not qualified to engage in public practice ("Independent Service Providers") on a routine basis?

(Please choose only one of the following)

- Yes
 No

[Please answer question 10(b) if 10(a) is "Yes"]

- (b) Do the Independent Service Providers or their staff assist in performing audits of the clients referred by them?

(Please choose only one of the following)

- Yes
 No

[Please answer question 10(c) if 10(b) is "Yes"]

- (c) How many audit(s) of annual financial statements did your practice conduct and issue a report for the clients referred by the Independent Service Providers during the period from 1 April 2017 to 31 March 2018?

(Please choose only one of the following)

- 0
 1-10
 11-20
 21-30
 31-40
 41-50
 51-100
 101-300
 301-500
 501-1000
 >1000

11. Current statistics

- (a) How many branch offices in Hong Kong did your practice have as at 31 March 2018?

(Please choose only one of the following)

- 0
 1-2
 3-5
 >5

11. Current statistics (continued)

(b) How many full-time audit staff did your practice have as at 31 March 2018?
(Please choose only one of the following)

- 0
- 1- 10
- 11-20
- 21-30
- 31-40
- 41-50
- 51-100
- 101-500
- >500

(c) How many part-time audit staff did your practice have as at 31 March 2018?
(Please choose only one of the following)

- 0
- 1- 10
- 11-20
- 21-30
- >30

(d) How many practising principal(s) did your practice have as at 31 March 2018?
(Please choose only one of the following)

- 1-2
- 3-4
- 5-6
- 7-8
- 9-10
- >10

(e) How many audit(s) of annual financial statements did your practice conduct and issue a report during the period from 1 April 2017 to 31 March 2018? (Please choose only one of the following)

- 0
- 1-10
- 11-20
- 21-30
- 31-40
- 41-50
- 51-100
- 101-300
- 301-500
- 501-800
- 801-1000
- 1001-1200
- 1201-1500
- >1500

Remark: If your practice issued audit opinions on group financial statements and also on individual companies within the group, please count as one audit only.

11. Current statistics (continued)

- (f) Included in the answer to 11(e), how many audit(s) of annual financial statements of client(s) in the following categories did your practice conduct and issue a report during the period from 1 April 2017 to 31 March 2018?

Numbers	0	1-4	5-10	11-20	21-30	31-50	51-100	>100
- Listed in Hong Kong								
- Listed in other markets but not Hong Kong								
- Accountants' report(s) included in listing document(s) or circular(s) of listed company(ies)								

- (g) Included in the answer to 11(e), how many audit(s) of annual financial statements of the client(s) in the following categories did your practice conduct and issue a report during the period from 1 April 2017 to 31 March 2018?

Numbers	0	1-4	5-10	11-20	21-30	>30
- "Authorised Institution" as defined under the Banking Ordinance						
- "Insurer" as defined under the Insurance Companies Ordinance						
- "Insurance Broker" as defined under the Insurance Companies Ordinance						
- "Licensed Corporation" or "Associated Entity" of an "Intermediary" as defined under the Securities and Futures Ordinance						
- Entity (exclude kindergartens, schools or universities) that received annual subvention in excess of HK\$ 50 million from the Government of the Hong Kong Special Administrative Region						
- Kindergartens with pre-primary education voucher, schools under direct subsidy scheme or universities						
- Entity regulated by the Mandatory Provident Fund Schemes Authority						

12. Audit activities in the Mainland under the Provisional Regulations

(Please refer to Explanatory Notes for further guidance)

- (a) Does your practice have Hong Kong listed or IPO clients falling within the scope of the Provisional Regulations?

(Please choose only one of the following)

Yes

No

[Please answer question 12(b) if 12(a) is "Yes"]

- (b) How many Hong Kong listed and IPO clients have been the subject of filings made to the Ministry of Finance as required by the Provisional Regulations for the period from 1 April 2017 to 31 March 2018.

Hong Kong listed clients: _____ [Insert number only]

Hong Kong IPO clients: _____ [Insert number only]

13. Audit activities in the Mainland under Temporary Licenses

(Please refer to Explanatory Notes for further guidance)

- (a) Does your practice have engagements for which temporary licenses have been applied?

(Please choose only one of the following)

Yes

No

[Please answer question 13(b) and 13(c) if 13(a) is "Yes"]

- (b) Please provide the information below on the latest temporary license annual reporting form ("form") filed by your practice. If your practice has applied for a temporary license but has not filed the form, please provide the information below as if your practice were required to complete the form for the period from 1 April 2017 to 31 March 2018.

- (i) The period of audit activities covered by the form:

From _____ [Insert dd/mm/yy] to _____ [Insert dd/mm/yy]

- (ii) Total number of relevant Mainland entities reported in the form

_____ [Insert number only]

- (iii) Total number of overseas engaging parties reported in the form

_____ [Insert number only]

- (iv) Among the total number stated in question 13 (b)(iii) above, the total numbers of

	Total	Relevant Mainland entities involved
Hong Kong listed clients	[Insert number only]	[Insert number only]
Hong Kong IPO clients	[Insert number only]	[Insert number only]

- (c) (i) Does your practice consider that the information provided in 13(b) above a reasonable reflection (within a deviation of +/-20%) of the information about your practice's client and engagement portfolios under temporary licenses as at 31 March 2018?

- Yes
 No, please describe in the box below the reasons

Narrative box

[Please answer question 13(c)(ii) – (iv)] if 13(c)(i) is "No"]

- (ii) Total estimated number of relevant Mainland entities as at 31 March 2018
 _____ [Insert number only]
- (iii) Total estimated number of overseas engaging parties as at 31 March 2018
 _____ [Insert number only]
- (iv) Among the total number stated in question 13(c)(iii) above, the total estimated numbers of

	Total	Relevant Mainland entities involved
Hong Kong listed clients	[Insert number only]	[Insert number only]
Hong Kong IPO clients	[Insert number only]	[Insert number only]

14. Other comments

Below is a text box for you to supplement your answers to each question if necessary. Please note that supplementary answers are not mandatory. This facility is available in case you wish to share something about your specific circumstances.

Narrative box

<End of the Questionnaire>

Explanatory notes

The explanations below are intended to provide guidance on the questions in the practice review self-assessment questionnaire.

These explanatory notes are to be read in conjunction with the Hong Kong Standard on Quality Control 1 ("HKSQC 1").

The Quality Assurance Department welcomes your comments and feedback on the questionnaire and these explanatory notes. Please send any comments to qualityassurance@hki CPA.org.hk for the attention of Quality Assurance Department.

Questions 3 and 5

Engagement Quality Control Review ("EQCR") is a process designed to provide an objective evaluation, before the report is issued, of the significant judgments made and conclusions reached by the engagement team in formulating the audit / other assurance report. Some practices may describe this review as a second partner review.

Monitoring is a periodic firm level review of quality control policies and procedures that includes reviews of a sample of completed engagement files of each partner/ director. A monitoring review is expected to be carried out on the firm's system of quality control on an annual basis and on the level of engagements normally over a cycle of no more than three years.

Questions 4(a), 11(b) and 11(c)

Audit staff are both qualified and non-qualified staff of the practice that carry out audit or other assurance work under control and supervision of a practising principal.

Question 11(d)

A practising principal is a practising certificate holder who can sign documents in the name of the practice. An authorised signatory is a practising principal.

The practising principal can be a sole practitioner practising in his/her own name, a partner of a partnership practice; or a director of a corporate practice.

Question 11(f)

An entity is listed if its 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.

Question 12

On 29 May 2015, the Ministry of Finance ("MoF") issued the "Provisional regulations on CPA practices carrying out audit services relating to the listing of Mainland enterprises outside Mainland" 《會計師事務所從事中國內地企業境外上市審計業務暫行規定》 ("Provisional Regulations"), which took effect from 1 July 2015. Under the Provisional Regulations, Hong Kong CPA practices auditing Mainland enterprises listed in Hong Kong will have to enter into business cooperation arrangements with Mainland CPA

practices. Hong Kong CPA practices will be responsible for the scope of arrangements and for making appropriate filing to the MoF at least 7 days before entering into the Mainland to carry out audit services.

Question 13

Hong Kong CPA practices carrying out audit services in the Mainland that are not subject to or exempted from the Provisional Regulations shall apply for a temporary license with the MoF. Based on the temporary license regulations 《境外會計師事務所在中國內地臨時執行審計業務暫行規定》 clause 10, each practice that has applied and obtained a temporary license is required to file an annual reporting form (境外會計師事務所臨時執業業務報告表) on or before 31 May each year on activities undertaken under temporary license(s) in the preceding year. Information regarding overseas engaging parties (境外委托方) and relevant Mainland entities (境內相關機構) is required to be provided under the second and third columns of that form respectively. A copy of the form can be downloaded by clicking the following link:

http://www.hkicpa.org.hk/file/media/section6_standards/technical_resources/pdf-file/appform.pdf

