|  |  |  |  |
| --- | --- | --- | --- |
| **Client:** | **Year End:** | **File No.** | **Ref: C1.1** |
| **XYZ Ltd** | **31-12-2014** |  |  |

**ACCEPTANCE PROCEDURES**

*Companies Act 1994 requires that “a Chartered Accountant shall not accept appointment or continue as auditor if the firm has any inter­est likely to conflict with carrying out the audit properly” and ISA 200.14 requires compliance with ICAB and IFAC Code of Ethics.*

*This questionnaire assumes a knowledge of ICAB/ IFAC Code of Ethics.* ***It must be completed annually for all clients to ensure that the standards have been complied with.***

|  |  |  |
| --- | --- | --- |
| ***1. Undue dependence on an audit client*** | Yes | **No** |
| (a) Do the total fees for this client/group of clients exceed: |  |  |
| (i) 10 per cent of the annual fee income of the audit firm or the part of the firm by reference to which the audit engagement partner's profit share is calculated? |  | √ |
| (ii) 15 per cent of the annual fee income of the audit firm or the part of the firm by reference to which the audit engagement partner's profit share is calculated? |  | √ |
| (b) Is this client/group of clients highly prestigious? | √ |  |
| (c) Is this client/group a listed or public interest client or group? | √ |  |

**Note:**

1. *IFAC Ethical Standards require appropriate safeguards e.g. an external independent quality control review where the regular annual fee income to be a significant part of total fees, depending on the structure of the firm and whether the firm is well established or newly created. The stated percentages (10%, 15%) are just as a guideline (rule of thumb) and would be 5% and 10% respectively for listed or public interest entities..*

*2. A public interest client is one that would attract national attention if a problem were publicised.*

|  |  |  |
| --- | --- | --- |
| ***2. Loans to or from a client; guarantees; overdue fees*** | ***Yes*** | ***No*** |
| (a) Do you or any of your staff have any loans or guarantees to or from the client? |  | √ |
| (b) Are there any overdue fees for any services? |  | √ |
| ***3. Goods and services: hospitality*** |  |  |
| Have you or any of your staff accepted any material goods or services on favourable terms or received undue hospitality from the company? |  | √ |
| ***4. Litigation*** |  |  |
| Is there any actual or threatened litigation between yourself and the client in relation to fees, audit work, or other work? |  | √ |
| ***5. Family or other personal relationships*** |  |  |
| Do you or any of your staff have any personal or family connections with the company and its officers? | √ |  |
| ***6. Ex-partners or senior employees*** |  |  |
| (a) Has any officer of the company been a partner or senior employee in the practice? |  | √ |
| (b) Is the partner or any senior employee on the audit joining or involved in substantive negotiations with the client? |  | √ |
| ***7. Mutual business interest*** |  |  |
| Do you or any of your partners or staff have any mutual business interests with the client or with an officer or employee of the client? |  | √ |
| ***8. Beneficial interests and trusteeships*** |  |  |
| Do you or any of your staff have any financial involvement in the company in respect of the following: |  |  |
| (a) Any beneficial interest in shares or other investments? |  | √ |
| (b) Any beneficial interest in trusts? |  | √ |
| (c) Any trustee investments, nominee shareholdings or 'bare trustee' shareholdings? |  | √ |
| (d) Any trusteeships in a trust that holds shares in an audit client? |  | √ |
| **9. Associated firms** |  |  |
| Are you or your staff associated with any other practice or organisation which has any dealings with the company? |  | √ |
| **10. Provision of other services, specialist valuations and advocacy** |  |  |
| *Note: a network firm is any entity that is:* |  |  |
| (i) controlled by the audit firm; or |  | √ |
| (ii) under common control, ownership or management; or |  | √ |
| (iii) otherwise affiliated or associated with the audit firm through the use of a com­mon name or through the sharing of significant common professional resources. |  | √ |
| (a) Are any services in relation to the management of the company performed by the firm? | √ |  |
| (b) Are any accounting services performed for the company such as preparation of the statutory accounts from trial balance, bookkeeping or payroll services? |  | √ |
| (c) Do the accounts include any specialist valuations carried out by the firm or a net­work firm? |  | √ |
| (d) Are the firm or a network firm currently acting for the client as an advocate in any adversarial proceeding or situation such as a hearing before the Commissioners? |  | √ |
| (e) Has the firm or a network firm been involved in the design, provision or imple­mentation of any IT systems? |  | √ |
| (f) Does the firm or a network firm provide advice on taxation matters or undertake tax compliance work for the client? | √ |  |
| (g) Does the firm or a network firm provide the following services as identified in  Corporate Governance Guidelines issued by BSEC:   1. Appraisal or valuation services or fairness opinion 2. Financial information systems design and implementation 3. Actuarial services 4. Internal audit   [..\Corporate\_Governance\_Code\_10.06.2018.pdf](../Corporate_Governance_Code_10.06.2018.pdf)services |  | √  √  √  √ |
| (h) Have any other services been provided to the client that may cause a threat to the firm's objectivity or independence? |  | √ |
| **11. Rotation of audit engagement partner** |  |  |
| Have you been acting as the audit engagement partner for more than three years? |  | √ |
| **12. Adequate resources** |  |  |
| (a) Are there any indications that the engagement team is not competent or does not have the necessary time and resources? |  | √ |
| (b) Are there any indications that the firm or engagement team will not be able to demonstrate compliance with ethical requirements? |  | √ |
| **13. Proper performance** |  |  |
| (a) Are there any aspects of the client, or other factors, that will adversely affect the firm's ability to perform the audit properly? |  | √ |
| (b) Are there any issues concerning the integrity of the principal owners, key management or those charged with governance of the entity? |  | √ |

***Safeguards***

Where any of the above questions have been answered 'yes', specify what safeguards are proposed to maintain integrity and independence, and to ensure the availability of resources and the ability to perform the audit properly.

We do not engage the staffs, which have ***Family or other personal relationships*** with the client\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_

**Conclusion**

Having regard to any safeguards identified above, I am satisfied that appropriate procedures regarding the acceptance and continuance of this client relationship and audit engagement have been followed, and that the conclusions reached in this regard are appropriate and have been properly documented. In arriving at this conclusion 1 confirm that I have:

(a) obtained all relevant information from the firm (and where applicable network firms) to identify and evaluate circum­stances and relationships that may create a threat to independence;

(b) evaluated information on identified breaches, if any, of the firm's independence policies and procedures to determine whether they create a threat to independence for this audit engagement;

(c) taken appropriate action to eliminate such threats or reduce them to an acceptable level by applying safeguards, and

(d) documented the conclusion on independence and any relevant discussions within the firm that support this view.

(e) informed the client of all significant facts and matters that bear upon the firm's objectivity and independence.

***Partner \_\_\_\_\_\_\_\_\_\_\_\_\_Mr X\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_ Date \_\_\_DD-MM-YY\_\_***

***Consultation*** (to be completed where appropriate)

In my opinion the steps proposed are sufficient to maintain independence and to ensure the availability of resources and the ability to perform the audit properly.

##### **Second Partner** \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_ **Date** \_\_\_\_\_\_\_\_\_\_\_\_

**Disclaimer: Dummy audit working files have been prepared and published to improve the quality of audit documentation of member firms providing audit services in Bangladesh. Member firms providing audit services should not assume these dummy working files as absolute benchmark for the purpose of preparing and keeping audit documentation. Every audit client has unique characteristics and risks. International Standards on Auditing (ISA) also requires to exercise engagement partner’s judgment on a number of areas in conducting the audit of an entity. Therefore, member firms should use their professional knowledge, skill, experiences along with these dummy working files to keep adequate and appropriate working papers for each audit engagement. The preparers do not assume any liability for drawing an inappropriate audit opinion based on the working papers prepared on the basis of these dummy working files.**