

COMPLIANCE REVIEWS

Technical Support



COMPLIANCE REVIEWS

As you will be all too aware, it is a requirement under the Regulation of Auditors for you to establish and monitor quality control procedures. External Review can be an important part of a firm's procedures to ensure that appropriate standards are properly implemented and maintained.

Our Compliance Review Service provides a range of services that can be tailored to the individual needs of the firm.

Our review team

Our reviewers are highly experienced and qualified individuals and all information obtained during the course of the reviews, including the final report, will be treated as strictly private and confidential.

The principal reviewers are David Southern, David Gallagher, Sally Hutchings, Belinda Auchimowicz, Jeremy Williams and Andrew Paul.

Our fees

Fees for all our services are detailed for each individual service listed below. We will provide detailed quotes for bespoke or more extensive procedures on request.

Our aim

The overall aim of the service is to provide an independent assessment of the firm's auditing standards and related procedures. We will also seek to identify commercially effective means to improve the audit process.

**If you would like to know more about our range of Compliance Reviews
please contact david.southern@merciam-group.co.uk**

If you would like to book a review please contact michelle.dawson@merciam-group.co.uk

Alternatively you can call them on 0116 258 1200





Cold File Review

The key features of this service are as follows:

- A detailed review of the accounts and audit file(s) of assignments that have been fully completed and signed off.
- A written report that will highlight strengths as well as opportunities for improvement that will increase the efficiency and commercial effectiveness of the audit approach.
- The report will also include a summary of key recommendations and action points in order to improve overall standards.
- It is your choice whether we visit you (to review three files or more) or whether you send the files to us for review.

Each visit will include a verbal de-brief meeting with the partners and managers. This is an important part of the service and will highlight the key points arising from the reviews as well as the recommended action to be taken. Any comments of the partners and managers will be incorporated into the report as appropriate.

For those files that are reviewed in house, the reviewer will follow up the report with a telephone call to explain the key matters arising and any action points to be taken.

Cost

Single entity review
£250 (£200*)

Groups (of up to three companies), including a consolidation review
£900 (£750*)

Holding company with a single subsidiary, including a consolidation review
£650 (£550*)

All prices are stated exclusive of VAT and travelling expenses (where applicable).

Cold File Review with Advice and Training

This service is designed to offer immediate feedback to a wider audience and can cover a range of issues. The key features are as follows:

- One day visit on site.
- Two cold file reviews.
- Verbal analysis and feedback* to identify weaknesses and advise on the opportunities for development and improvement.
- Open question and answer session** on individual files, general procedures or technical matters.

For those files that are reviewed in house, the reviewer will follow up the report with a telephone call to explain the key matters arising and any action points to be taken.

Each visit will include a verbal de-brief meeting with the partners and managers. This is an important part of the service and will highlight the key points arising from the reviews as well as the recommended action to be taken. Any comments of the partners and managers will be incorporated into the report as appropriate.

For those files that are reviewed in house, the reviewer will follow up the report with a telephone call to explain the key matters arising and any action points to be taken.

**These sessions can be for 2 to 25 members of staff. Some practices prefer partner involvement only, whilst others see it as an opportunity to obtain tailored advice and consultancy to a broader range of the team. The objective is to provide an informal atmosphere to promote free and open discussion of matters relevant to the audit process.

Cost

£900 (£800*)

All prices are stated exclusive of VAT and travelling expenses (where applicable).

Hot File Review

Hot File Reviews are recommended for high risk or technically challenging assignments or where the audit fees represent a substantial proportion of total practice income. This service may also be advisable if the audit fee represents a substantial proportion of an individual partner's total portfolio income.

The reviews can be carried out at your offices (to review three files or more) or you may prefer to send the files to us for review. The service includes the following:

- A detailed review of the accounts and working papers before the file has been fully signed off.
- A written report that will identify any weaknesses as well as the key matters to address before the audit opinion is issued.

Each visit will include a verbal de-brief meeting with the partners and managers. This is an important part of the service and will highlight the key points arising from the reviews as well as the recommended action to be taken. Any comments of the partners and managers will be incorporated into the report as appropriate.

For those files that are reviewed in house, the reviewer will follow up the report with a telephone call to explain the key matters arising and any action points to be taken.

Cost

Single entity review
£360 (£335*)

Groups (of up to three companies), including a consolidation review
£1,200 (£1,100*)

Holding company with a single subsidiary, including a consolidation review
£850 (£750*)

*Special discounted price to Mercia members.

All prices are stated exclusive of VAT and travelling expenses (where applicable).





Compliance Review

As well as the file review service, a Compliance Review includes a detailed consideration of the firm's procedures in order to comply with the audit regulations. The service includes the following:

- Two cold file reviews (minimum).
- A review of office procedures including acceptance and reappointment, independence, fit and proper, skills and competence, consultation and PII.
- A written report that will identify strengths and weaknesses as well as suggestions for improvement.

This can also be extended to a review of your tax procedures and files, alternatively this can also be done separately.

Cost

Two files and a review of procedures.
£750 (£620*)

Three files and a review of procedures
£1,030 (£800*)

Four files or more** and a review of procedures
Quote on request

Tax file review
Quote on request

**There is no upper limit to the number of files that can be reviewed. We have a number of clients who undertake an annual review of up to 30 files over a four to five day period.

*Special discounted price to Mercia members.

All prices are stated exclusive of VAT and travelling expenses (where applicable).

Independence Review

An Independence Review is an important safeguard against conflict of interest or independence issues that may arise in certain situations.

A typical example is where a single audit client represents a substantial proportion (usually 10% or more) of total practice income or where a single audit client represents a substantial proportion of an individual partner's total portfolio income.

The review is more extensive than an individual Hot File Review and will include the following:

- A review of the firm's procedures to identify conflicts of interest on any matters likely to jeopardise independence.
- A review of independently selected files to ensure objectivity and independence in the performance of audit procedures, particularly at the planning and completion stages.
- An assessment of internal procedures to address similar issues.
- An interview with partners, managers and independently selected members of the audit team.
- A verbal debrief meeting at the completion of the visit.
- A written report of key findings. This includes conclusions on the adequacy of internal procedures and highlights any areas in which safeguards can be improved.

Cost

£800 (£700*)

*Special discounted price to Mercia members.

All prices are stated exclusive of VAT and travelling expenses (where applicable).

QAD Report Implementation Visit

Let us translate your QAD report! Send us a copy of your written QAD report and we will arrange a two hour meeting at your offices to deliver a verbal report by reference to specific instances of matters raised on your audit files. On request, we will also provide a written summary of recommendations to address and correct the areas of weakness identified by the QAD.

The following areas are typical examples where further clarification and guidance is often required:

- Appropriate planning documentation.
- The method of sample selection and test levels.
- The use of analytical procedures.
- Recording of audit evidence.

This list is not exhaustive!

Cost

£500 (£400*)

*Special discounted price to Mercia members.

All prices are stated exclusive of VAT and travelling expenses (where applicable).





Practice Assurance Review

The new ICAEW Practice Assurance Regulations are effective from February 2005 and require firms to establish and monitor a range of quality control procedures. Our comprehensive compliance review service addresses each of the four Practice Assurance standards.

The key features of this service are:

- preliminary discussions with the partners in order to ascertain the scope and focus of the review
- a detailed review of the main departments or key income streams identified by those discussions
- a written report which will highlight the areas of best practice as well as any areas in which the procedures require improvement. The report will also include commercially effective measures to enable best practice to be achieved in these areas

Each visit will include a verbal de-brief meeting with the partners and managers. This is an important part of the service and will highlight the main findings of the review as well as the recommended action to be taken. The detailed report will then incorporate appropriate "Action plans" in respect of each of the Practice Assurance standards.

Cost

This service is available at a daily rate of **£800**.

In the meantime, we are offering help and support to firms who are in the process of introducing the new procedures. Visit www.mercia-group.co.uk/manuals/practice_assu_man.php for details on our other Practice Assurance services.

Investment business review

This review will cover all the areas for which the firm is authorised to conduct investment business. Reviews include:

- discussion of investment business procedures
- in depth review of a sample of client files
- follow up discussion with the investment business compliance partner
- detailed findings report and recommendations.

Cost

DPB licence £800 per day.

FSA authorised £920 per day.

All prices are plus travel expenses and VAT.

We also offer Whole Firm Reviews (including audit exemption and independent examination consignment reviews) and tax reviews.

All prices are stated exclusive of VAT and travelling expenses (where applicable).

Insolvency reviews

- Initial and Appointment procedures
- Creditors
- Compliance with SIP 9
- Treatment of fees
- Bank accounts and cashier systems
- Directors' conduct reports
- Statutory returns
- Case progression
- File closure.

Cost

£950 per day.

All prices are stated exclusive of VAT and travelling expenses (where applicable).

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