

Engagement Quality Review (EQR) Report to CPABC

EQR Name: _____

Practitioner Name: _____

Type of Engagement: _____ Engagement Report Date: _____

Client Name: _____ Fiscal Year End: _____

Start Date of EQR Involvement: _____

End Date of EQR Involvement: _____

The purpose of this report is to summarize the EQR's comments on engagements where the Practitioner has been placed on the EQR program as a result of not meeting standards on their practice review. This report is to be completed in addition to any EQR review documentation performed internally by the firm such as the worksheet included in the Professional Engagement Guide (PEG). This completed form is to be emailed **by the firm/practitioner** to: practicereview@bccpa.ca

1 – Significant matters discussed

Significant matter	Date(s) discussed	Discussion summary
<i>(Example)</i> <i>Identification of going concern risk.</i> <i>The entity has declining sales for the previous two years and net losses. There is no documentation in the file as to why a going concern risk was not assessed and related procedures performed.</i>	<i>(Example)</i> <i>June 1, 2017</i>	<i>(Example)</i> <i>Practitioner noted that the clients business can be cyclical, and the two shareholders have a history of providing advances to the company when required. Both have indicated, in writing, that they are both willing to provide further advances and have the assets available to do so. In addition, a large contract has been signed with a new customer subsequent to year end.</i> <i>Documentation has been added to both the significant risks identified, and to the response to the significant risk.</i> <i>Matter has been appropriately resolved.</i>

2 – Results of the review of selected engagement documentation relating to significant judgments

Area discussed	Date(s) discussed	Discussion summary
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<p><i>(Example)</i></p> <p><i>Potential impairment of \$300k accounts receivable balance outstanding over 90 days. No subsequent receipts testing or analysis for collectability was included in the file.</i></p>	<p><i>(Example)</i></p> <p><i>June 3, 2017</i></p>	<p><i>(Example)</i></p> <p><i>Practitioner performed subsequent receipts testing on June 5, 2017. For \$50k of amounts that had no subsequent receipts at the June 5, 2017 testing date, practitioner had discussion with client to determine reasons why these had not yet been paid. One balance is due from a longstanding customer who usually pays quite slowly. PY file showed a balance from this customer outstanding for a similar amount of time that was subsequently paid.</i></p> <p><i>The other remaining balances over 90 days - \$26k in total – will have a valuation allowance applied against them in AJE #11.</i></p> <p><i>Matter has been appropriately resolved.</i></p>
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3 – Results of the review of the financial statements and the proposed report

Area discussed	Date(s) discussed	Discussion summary
<i>(Example)</i> <i>Cash flow statement does not tie into the balance sheet</i>	<i>(Example)</i> <i>June 15, 2017</i>	<i>(Example)</i> <i>Practitioner documented a revised cash flow proof sheet and made adjustments to the draft cash flow. Revised cash flow consistent with underlying documentation and rest of financial statements.</i> <i>Matter has been appropriately resolved.</i>

4 – Evaluation of the conclusions reached in formulating the report and consideration of whether the proposed report is appropriate

Area discussed	Date(s) discussed	Discussion summary
<i>(Example)</i> <i>Unqualified audit report issued when the Practitioner did not attend inventory count nor did it perform count and rollback procedures</i>	<i>(Example)</i> <i>June 20, 2017</i>	<i>(Example)</i> <i>Practitioner performed count and roll-back procedures. The documentation for these additional procedures was reviewed on June 27, 2017.</i> <i>Matter has been appropriately resolved.</i>

5 – Differences of opinion between EQR and practitioner and their resolution, if applicable

Area discussed <i>(Example)</i>	Date(s) discussed <i>(Example)</i>	Discussion summary <i>(Example)</i>
<i>Amounts due from shareholders with no fixed repayment terms disclosed as long-term with no signed waiver.</i>	<i>June 21, 2017</i>	<i>Practitioner initially did not wish to adjust, as they believed that there is no need to adjust as the management representation letter mentions that these amounts are correctly classified as long-term.</i> <i>After discussion with EQCR, the Practitioner has obtained signed waivers from both shareholders confirming that repayment will not requested within one year.</i> <i>Matter has been appropriately resolved.</i>

6 – Professionalism

	Yes	No
Were deficiencies raised in previous files corrected in the current working paper file?		
**Optional: Did the firm/practitioner demonstrate the ability to meet all standards independently??		

Comments:

EQR Signature

Date