

How to Choose Quality Control Materials for Your CPA Firm

Looking for a reporting and disclosure checklist? How about an audit program? We know you are wooed by the companies who publish these materials. But how can you tell what is right for your firm from all the marketing messages you receive? You need quality control materials (QCM) that are *appropriate* for your firm and *reliable*.

But why use QCM anyway? We already have the professional standards. However most of us prefer some assistance in assimilating the standards to our needs. Having another translation or perspective on the standards helps us to understand and implement them. It's also just too easy for a practitioner, especially in the stress and pressure of busy season, to miss a step, or forget to ask a key question, or fail to document their procedures. This is where QCM can help. QCM may be all or part of a CPA firm's documentation of its system of quality control, and it may include manuals, guides, programs, checklists, practice aids (forms and questionnaires) and/or similar materials intended for use in conjunction with a firm's accounting and auditing practice.

A QCM review is a study and appraisal by an independent evaluator (known as a QCM reviewer) of a provider's materials, as well as the provider's system of quality control to develop and maintain the materials ("provider's system"). The QCM reviewer's objective is to determine whether the provider's system is designed and complied with and whether the materials produced by the provider are appropriate so that user firms can rely on the materials. Most QCM reviews are voluntary.

So whether you are in the market for new QCM, or are considering a change, consider taking these steps:

- **Ask.** *One of the best resources is your peer reviewer or other external quality control specialist.* This could be the practitioner you trust to perform your internal inspection or perform your engagement quality control review (EQCR). They are in tune with quality control requirements and usually have a wide range of experience with different QCM vendors and how they work for different firms. But also ask at CPE and professional events. Ask firms in your association. Ask that firm you may be thinking of merging with in three years. Just ensure you filter the input for what will bring the best quality and fit for *your* firm.
- **Do your research.**
 - **Consider the provider**--Is it a CPA firm, sole practitioner, or publisher? How well established and well respected are they? How many years have they developed and published the materials?
 - **Who are the authors?** Some providers have authors on staff under one system to develop and maintain the materials. Other providers use outside practitioners as independent consultants or they hire a team of practitioners from a CPA firm. Either way, look for the authors' resumes and ask about their education, experience and skills. You can also ask what technical review processes the materials have undergone. Since you will be relying on the materials, you need to feel comfortable with how they were developed and maintained/updated.
- **Has the QCM gone through an AICPA Peer Review Program QCM Review?** If you aren't sure, check out [Most Recent QCM Review Results](#). However, if you are going to put any reliance on a QCM review to make your decision, it is imperative that you first understand a QCM review's scope, exclusions, review results and timing.

- The provider determines which QCM are included in the QCM review's scope. They are listed in the first paragraph of the QCM review report or an addendum. QCM will often have different elements, such as written guidance, practice aids, letter templates, sample completed aids/ templates, and continuing professional education modules. Some of these elements may be excluded from the scope of the review as disclosed in the QCM review report.
- Consider the QCM review's report rating as it relates to the QCM used by the firm. The rating could be pass, pass with deficiency or fail.
- Consider the effective date of the QCM review report and rating, compared to the version date of the QCM you will use. If there is a large gap, less reliance can be placed on the results. For instance, there could have been new standards or regulatory requirements not covered by the QCM reviews.
- Consider the effect on your firm's next peer review. Peer reviewers are subject to guidance on how to use these same QCM review results, including determining the suitability of the QCM that your firm uses. If your peer reviewer cannot rely on QCM review results, he/she will need to perform their own QCM assessment. This may affect your peer review fee.
- **Consider the fit for your firm.**
 - Pay *strong* attention to the instructions. The instructions should tell you what types of firms or clients the QCM is applicable to, and provide guidance on how the QCM are to be utilized. If you don't own the QCM yet, ask for a sample to preview, or speak to the provider.
 - *Carefully* consider the level of explanatory guidance. Explanatory guidance ranges from specific cross references to professional standards (intended to send a user to those standards if further assistance is required) to detailed guidance explanations including considerations. What approach will guide you and your staff to research professional standards or considerations best when needed?
 - Are the materials up to date with current professional standards? How often are they updated? Will they cover the standards which will be effective during the period you will be using them? Will you be able to use them for your upcoming busy season?
 - Make your choices based on who will be using the materials. If first year staff will be using the materials, they may need to be more comprehensive and user friendly than if a highly experienced partner were using them. Consider the level of supervision and review that will occur after the QCM are completed by staff.
 - Does the provider offer industry/ practice area specific QCM? Purchasing a general auditing guide may not help you perform that new Yellow Book engagement. You need options.
 - Will they align with your current or planned intentions to go paperless or provide integrated practice tools for you and your staff?

Example: Facts: Provider XYZ publishes auditing, review, and compilations programs, a reporting checklist, and a disclosure checklist and chooses to have all—except the reporting checklist—covered by the QCM review. Further, the disclosure checklist includes a section with sample footnotes, and provider XYZ chose not to have them included under scope.

How disclosed: The report or report addendum would indicate that the auditing, review and compilation programs, and disclosure checklist were included in scope. The body of the report includes a sentence indicating that the sample footnotes in the disclosure checklist are excluded from scope.

- **And finally, purchase QCM, which includes practice aids and tools, which will help your firm comply with the professional standards.** Purchasing quality control materials is an integral part of your system of quality control. You retain responsibility for the performance of engagements in accordance with professional standards. When making your decision, use your professional judgment that you are known for as a CPA. You know your practice and needs the best. *Just be smart about it, because your practice depends on it.*