

Brilite



Brilite Associates

Standard of Quality Control (SQC1) 2021

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Introduction

The purpose of this Standard on Quality Control (SQC) is to establish standards and provide guidance regarding firm's responsibilities for its system of quality control for audits and reviews of historical financial information, and for other assurance and related services engagements.

The firm has a standing commitment to professional excellence, audit quality and the public accounting profession. Our management and practitioners remain dedicated to serving investors and to building confidence in the independent audit process.

Since transparency is a key aspect in the service quality of the firm, I hope our stakeholders, clients and others find this publication relevant and useful.

All information provided in this report relates to the current situation of the firm and will be updated time to time as operation continue.



*CPA Ashery Mbasha, ACCA, ACPA-PP
Managing Partner – Brillite Associate*

01 April 2021

A handwritten signature in blue ink, appearing to read 'AM', with a long horizontal flourish extending to the right.

Ashery Z. Mbasha
Managing Partner

LEADERSHIP RESPONSIBILITIES FOR QUALITY WITHIN THE FIRM.

Firm Leadership include partners and directors are responsible for the communication and influence of the firm policies of quality control. The firm establish policies and procedures designed to promote an internal culture based on the recognition that quality is essential in performing engagements. The promotion of a quality-oriented internal culture depends on clear, consistent and frequent actions and messages from all levels of the firm's management emphasizing the firm's quality control policies and procedures.

Our quality control policies emphasize on

- i. All work performed should complies with professional standard and regulatory and legal requirement.
- ii. To issue the reports that are appropriate to relevant circumstances. That is Audit report, Review reports e.tc

The above policies are communicated to firm wide employees inform of training (Capacity building), Communication of vision and mission, internal circulated journals and E-Learning. The firm has prepared a scheme of training for the new staff while monitoring their performance of day to day engagements. These trainings focus on providing basic knowledge through on board train on how to perform their engagement while focus on quality.

The firm has also designed templates that will assist our employees to perform their duties with advanced guidance provided by templates.

Partners are the ultimate reviewer of all engagement to which they are responsible for evaluate the quality of the work performed. The whole responsibility to manage quality of all form of engagement are lied to partners who are also responsible to communicate to staff using above mention ways as well as new method deemed relevant.

As Brilite Associate partners, we have developed set of guidance that provide blue print of the audit engagement starting from client acceptance, understanding of the client and its environments, Audit execution and Audit conclusion. Also, the firm has designed guidelines for review and accounting activities.

ETHICAL REQUIREMENTS

Brilite Associates, has developed ethics policies that provides guidelines to our staff on the ethics requirements. Our ethics policies focused to ensure our staff and partners/directors conduct their duties without undue influence and independently.

Our ethics policy is built from general code of fundamental principles of professional ethics. Brilite Associates Ethics policy elaborates and emphasize on the below ethics principles.

i. Integrity.

Through series of professional inside training and workshops, we ensure our staff are honesty and straight forward in all business-related matter. We also monitor the conduct of our staff during performance of their assigned duties within the engagement.

ii. Objectivity

We aligned our policy and practices to ensure our staff and partners provide objective judgement without undue influence whatsoever.

This policy extensively covers all aspect of threat to independence as well as different scenarios to safeguard/overcome threat as well as defending the public interest.

The firm has adopted several measures to ensure engagement members are independent. Among others,

- There is also independence confirmation form to which each member of the engagement is required to fill before engagement kick-off.
- Engagement members are required to disclose any indication of lack of independence. This will ensure our staff are independence of fact and mind. We have created also a system of consulting in case of ambiguity.
- Rotation of the engagement team members who has been on the same assignment for three consecutive years.
- The firm has also designed mitigations strategies to ensure there is no self-review. The firm should not act as an accountant of the client and same year as an auditor.
- Our policy also indicated that, all the cost of our staff members during field work will be paid by our own and billed to the client as reimbursement. Any gift offered by the client which has a value above Tsh. 50,000/= or USD equivalent will be required to be reported to independent leader or partner for further guidance.

iii. Professional Competence and due care.

Brilite Associates provide a series of inside training and e-learning for which we ensure at least each staff has attended seminar or workshop (Milestone Training) for at least 20Hrs a year (Class based).

We encourage our staff to take professional studies of CPA or ACCA to improve their audit and accounting knowledge. Each staff under audit/Accounting section is required to attain his/her professional qualification within 3 years to allow him to grow to further level.

On board training are also the key measure to improve our practical knowledge of our staff together with ways of attained challenges during the field work.

We also assist our staffs by pay for their seminar attendance fee for Continue professional development (CPDso provided by accounting boards like NBAA, ACCA, TRA and others.

iv. Confidentiality.

This is among the pillars of our professional business. In this item, we specify on our staff contracts that confidentiality is the one of the key and staffs or member of the engagement are not allowed to share, or discuss any client information to unauthorized party.

To maintain confidentiality, our policy ensures below point are narrated clearly

- Staff or team member are not allowed to discuss client information to another team member who are not in the same engagement.
- No any member or staff is required to talk to media or any authority about client information without the consent of the engagement partner/director.
- To ensure data security and confidentiality, all the IT equipment that is computer and other storage equipment used during the engagement are secured by being encrypt properly.
- All the information obtained from client on the course of engagement are returned to client or kept in a secured environment.

v. Professional behaviours

As Brilite Associates, we ensure our staff and members maintain professional behaviours and standard required. Professional behaviours are observed on day to day professional life and conduct of our staff include dressing. Any indication on the violation are warned and punished.

vi. anti-corruption policy

In addition of the above, we created anti-corruption policy which stipulates what are the steps to be followed to report indication of corruption. Also, this policy specifies what is regarded as a corruption and to be reported. It touches types of gifts that can impair independence of our staff during the performance of their engagement. The firm has also designed mitigation process where by staff are required to follow and being abided of.

Generally, ethics principles are the pillars of assurance, review or other assurance engagements as it ensures professional standard are upheld all the time and professional judgemental are done without undue influence while observing objectivity. The firm has dedicated Ethics lead partner who will be in charge of the committee to review ethical conduct of staff and other members of the firm.

ACCEPTANCE AND CONTINUANCE OF CLIENT RELATIONSHIPS AND SPECIFIC ENGAGEMENTS

The firm has designed policies and procedure for accepting prospective client and assessing the engagement risk, taking into consideration professional service risk and client risk. The prospective clients can be assessed as Normal, Greater than Normal and Much greater than normal clients.

The firm has designed appropriate comprehensive template that are used to evaluate prospective clients. Apart from client general information, his form is divided in to three main part.

1. Initial review engagements (if applicable). This focus on whether
 - We obtained a sufficient understanding of the business and its financial standing and soundness prior to acceptance of the initial engagement.
 - Are there any other reasons to be concerned about the conditions surrounding the review engagement?
 - Have we performed conflict checks on both the entity itself and the principal officers of the entity to ensure no conflicting business relationships exist between the client and Brilite Associates?
2. Preconditions, This check if
 - Is there the financial reporting framework to be applied in the preparation of the Financial Statements acceptable?
 - Has management acknowledged and understands its responsibility? This responsibility includes preparation of financial statements based on applicable framework and Internal controls as Management determines is necessary to enable the preparation of financial statements that are free from material Misstatement, whether due to Fraud or Error.
 - Has management acknowledged and understands its responsibility to provide us with:
 - Access to all information of which Management is aware that is relevant to the preparation of the Financial Statements such as records, documentation and other matters.
 - Additional information that we may request from Management for the purpose of the review.

- Unrestricted access to persons within the Entity from whom we determine it necessary to obtain evidence.
 - Have fees from the previous review engagement been received?
3. Assess Engagement Risk. On assessing of the engagement risk, these gave emphasize on the below items.
- Management Characteristics and Integrity.
 - Are we aware of reasons to question the characteristics or integrity of one or more members of management or otherwise question our ability to rely upon management's representations?
 - Have background checks on principle officers resulted in any concerns regarding integrity of management?
 - Organization and Management Structure
 - Is the organizational and management structure inappropriate in relation to the size and nature of the business?
 - Are control processes inappropriate to the size and nature of the business and are we aware of reasons to be concerned about management's ability to supervise and monitor operations effectively and to exercise control over authority delegated to others as well as effectiveness of monitoring over management?
 - Nature of the Business - Is there reason to be concerned about the nature of the entity's business?
 - Business Environment - Are there external influences in the business environment that affect the entity's operations and its viability as a going concern?
 - Financial Results - Is management under greater than normal pressure to report certain financial results?
 - Business Relationship and Related Parties
 - Is there reason to believe we do not have a clear understanding of the nature of significant transactions and business relationships between the entity and other entities, particularly if the other entities are represented as third parties when in fact they are related parties?

- Have conflict checks or inquiries on the entity resulted in potential conflicts of interest, if applicable?
- Prior Knowledge and Experience - Are there significant changes in the business which could indicate a heightened level of client risk?
- Fraud Risk - Is there reason to believe that fraud risks exist relating to misstatements arising from fraudulent financial reporting or misappropriation of assets?
- Professional Service Risk - Is there reason to believe that a sufficient number of competent personnel (including those with industry expertise or, as necessary, expertise in foreign professional standards or laws) will not be available to provide the Professional Services required for the Engagement?

The Firm's engagement risk assessment procedures identify related risks and provide a basis for tailoring the audit approach in order to address engagement-specific risks.

In addition, any time an entity undergoes a significant change (e.g. change in ownership or management, financial condition or nature of the entity's business), continuation of the relationship is reevaluated. Decisions of engagement continuance are adopted by one other partner.

HUMAN RESOURCES

Brilite Associates has established policies and procedures designed to provide reasonable assurance that it has sufficient partners and professional staff with the competencies, capabilities and commitment to ethical principles necessary to

- Perform engagements in accordance with professional standards and applicable legal and regulatory requirements; and
- Enable the firm to issue reports that are appropriate in the circumstances.

The firm has also designed advancement levels. These levels of advancement are attained based on level of competence as well as professional development (Growth). There are identified procedures that are in place to provide reasonable assurance that staff selected to an advancement level has required competence and skills to assume responsibility that they are appointed for.

A few of the policies and procedures are identified below:

- Various professional staff levels within the Firm and descriptions of the related competencies required to perform effectively at each level have been established.
- Advancement policies and procedures that identify the experience and performance qualifications for advancement to each level have been established and communicated to the Firm's professional staff.
- Procedures for periodic performance evaluation have been established.
- A counseling program to assist professional staff in identifying realistic career paths and developing action plans to help realize professional goals has been established.

Continuing education

Continuing education is a key policy of the Firm, as this is an important means of developing knowledge and maintaining and improving the quality of our services.

It is our firm policy that every professional staff to attained it professional advancement should attain atleast on professional qualification i.e CPA or ACCA. This professional qualification should be attained within 3 years after employment. No staff will move to senior audit position before attainment of professional qualification. The

firm is also organize internal training on different matters include day to day performance of engagement and updates on the changes in the account and audit industry as well as new emerge technologies within the industry.

The firm is also involving different partners to provide training to our staff regarding specific area of expertise or broad knowledge of a certain industry of the economy.

During the first years, most training is comprised of mandatory courses on technical topics including Brilite Associates audit methodologies and processes but afterwards the optional part increases given that individual needs become more diverse. An individual learning programme is required as from the level of approximately three years' experience.

More experienced auditors are expected to update and deepen their technical knowledge. Developing management and interpersonal skills are also very important for this group. There is also the possibility to follow longer-term education, such as MBA programmes. There is also a system of accreditation whereby a training course needs to be completed before an auditor may perform certain tasks.

ENGAGEMENT PERFORMANCE

The audit approach includes requirements and guidance to assist in the planning and performance of audit engagements and is based on the International Standards on Auditing issued by the International Auditing and Assurance Standards Board of IFAC. The Firm has further supplemented these requirements and guidance to reflect local requirements, as applicable. The common documentation are tools that enhance the consistent implementation of the audit approach and promote effectiveness and efficiency.

The following are the main elements of the audit approach:

1. Understanding of the entity and its environment

An understanding of the entity and its environment, including its internal control, to assess the risks of material misstatement at the financial statement and assertion level is vital to performing an effective audit. The firm's audit teams develop this understanding and assess financial statement risks in a number of ways, including the analysis of financial information to identify trends and unusual balances; holding in-depth discussions with management and those charged with governance; considering the inherent nature of each financial statement component and the risks associated with that component; evaluating the reliability of internal control; assessing the extent to which technology is used in the financial reporting process; and, if applicable, reviewing internal audit findings.

2. Testing the operating effectiveness of controls

The engagement team obtains an understanding of the entity's internal control in each audit engagement. For certain engagements, when required by auditing standards or when included as a component of the financial statement audit procedures, engagement teams may also test the operating effectiveness of the entity's internal control in preventing or detecting and correcting material misstatements.

The engagement team will then conclude on the operating effectiveness of the internal control for which they will decide whether to rely on control on not during execution of audit.

3. Audit Procedures.

Engagement team develop the audit plan to address the risks associated with the entity, the audit engagement, and the financial statements as a whole. Throughout the audit, engagement teams continually assess risk and how audit findings bear on the audit procedures. The audit approach allows partners and professional staff to modify the audit procedures to address issues that arise in the course of the audit.

In this context, risk assessment is continuing process from the start of the engagement to conclusion.

4. Use of experts

While the audit engagement partner retains responsibility for all aspects of the engagement, there are instances when the engagement team utilizes an expert. In such instances, an engagement team evaluates whether the expert has the necessary competence, capabilities and objectivity.

After the evaluation of the above, the firm will subcontract the expert to assist in that specific area and report to Brilite Associates, the expert should ensure the work is done independently with professional ways.

5. Engagement documentation

The Firm maintains policies and procedures to support the assembly and archiving of audit files whereby the audit engagement team submits the audit files for archiving within the shorter period of: (1) 60 days from the date of the report;

The Firm's policies and procedures address the retention of documents (in hard and electronic form), including those that address the confidentiality, safe custody, integrity, accessibility and retrievability of archived documentation.

Engagement Team Review

A review of the audit documentation is required to be performed by a member of the engagement team who has more experience than the preparer. In some cases, elements of audit documentation may be reviewed by several team members. Simply means, the work done by junior auditor will be reviewed by Senior audit team member, and then by Manager and finally by engagement partner.

Engagement quality control reviews

An engagement quality control review is performed for all audit and related assurance services, with limited exceptions. The review is performed by a partner or a manager who is not directly involved in the engagement and who has the appropriate experience and knowledge of applicable accounting and auditing standards and regulations. The engagement quality control reviewer is not part of the engagement team and is not portrayed in fact or appearance as a member of the engagement team. Appropriate experience and knowledge includes experience and knowledge of the entity's industry, economic environment, and accounting principles. For all public interest entities and all high risk engagements, the review is performed by a partner with sufficient and appropriate experience and professional qualifications to act as an engagement partner on these types of audits.

MONITORING

Annual Quality Assurance Review.

Every end of the year, our firm conduct engagements quality reviews, for which several files are picked and reviewed to see if they are conducted following the standard expected as per Brilite Associates policies and procedure. This will cover if the files include all the required documentation and if files were archived on time.

The finding of the review will be presented to team member and all assurance staff to ensure appropriate measures are taken for the upcoming assignments.

Types Of Engagement Reviewed

Types of the engagement that are likely to be picked up for reviewing including but not limited to public interest entities, as well as a number of high-risk audit engagements. Some sensitive and complex engagements (e.g. first-year engagements, or situations where there is a change in control or deteriorating financial condition) are also selected. All major industries served by the Firm or practice office are considered.

Complaints and Allegations

The firm's policies and procedures are designed to provide it with reasonable assurance that it deals appropriately with complaints and allegations that the work performed by the Firm failed to comply with professional standards, and regulatory and legal requirements, and allegations of non-compliance with the firm's system of quality control.

Management Committee Statement

The Management of the Firm is satisfied that the internal control system, as described above, is effective in providing reasonable assurance that the audit Firm and its personnel comply with applicable professional standards and regulatory and legal requirements and that audit reports issued are appropriate in the circumstances.



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Brilite is a registered audit and consulting firm which provides creative business solutions in terms of Audit & Assurance, Accounting and Bookkeeping, Tax Consulting and Company secretarial support services to fit wide range of requirements with dedication to customized services which create value to our clients.