

PRP Section 4750

Managing Partner/Chief Executive Officer Interview

.01 The objective of this interview is to assist the peer review team in gaining an understanding of the firm leadership's involvement with its system of quality control. The questions are designed to help the review team gain an understanding of management's philosophy towards and support of the quality control initiatives in the firm and should be considered in assessing inherent and control peer review risk.

.02 The interview should occur during the planning stage or early in the peer review. This practice aid should be completed by the firm executive who sets the tone for the firm in connection with its audit and accounting practice. This form may be provided and completed by the appropriate person in advance of the interview to facilitate the interview process. The team captain should review the responses with the appropriate person during the peer review.

Managing Partner/Chief Executive Officer Interview

(To be completed as part of an interview with the firm executive who sets the tone for the firm in connection with its audit and accounting practice.)

Objective: The purpose of this interview is to assist the peer review team in gaining an understanding of the firm leadership’s involvement with its system of quality control. Normally, this should occur early in the peer review. The questions are designed to help the review team gain an understanding of management’s philosophy towards and support of the quality control initiatives in the firm.

- 1. What are the most significant quality control risk(s) in the firm’s practice today, and what has the firm done to manage those risk(s)?

Factors to consider when making this assessment:

- Firm experience for the industries served
- Firm mergers & acquisitions
- Partner involvement in the engagement
- Technology issues
- Improving the benefits of monitoring
- Staff development and turnover
- Other quality control resources
- Partner experience, number of offices, etc.
- New pronouncements requiring consideration
- Implementation of new standards

- 2. Are there new clients or industries to the firm’s practice that the firm would consider to have significant risk? If there are, what steps has the firm taken to address those risks?

Factors to consider—firm should consider the following when making this assessment:

- Consultation efforts to understand outside regulatory requirements and current changes in those requirements related to the industry
- Background considerations to better understand the industry
- Research to obtain the appropriate practice aids
- Other consultation efforts

- 3. What are the top three client relationships in the firm’s practice in terms of fees generated? How does the firm manage the risks of economic dependency for the firm, its individual offices (if applicable), and its partners for these relationships and other client relationships?

- 4. What are the most significant factors considered by the firm’s designated partners in connection with monitoring or making changes, or both, to the firm’s system of quality control?

Factors to consider—the firm should consider the communication and monitoring vehicles for the following:

- | | |
|---|---|
| • Noncompliance with CPE | • Resolving engagement issues |
| • Participation in engagement acceptance and retention policies | • Implementing new pronouncements |
| • The firm commitment to CPE (that is, CPE mandatory attendance vs. client conflicts, CPE program quality, and applicability) | • Assignment of concurring partner or preissuance reviewer on engagements |

- 5. How do the firm’s designated responsible partners monitor and resolve issues related to difficult client engagement situations?

Factors to consider:

- | | |
|-------------------------------------|---|
| • Firm conflict resolution policies | • Firm management involvement with substandard performance issues |
| • Consultation policies | • Response to client pressures |
| • Budget considerations vs. quality | • Financial statement restatement and recall issues |
| • Firm management accessibility | |

6. How does firm management monitor and support the quality control initiatives in the firm?

Factors to consider—the firm should consider the following factors when making this assessment:

- Quality control resources
• Project management examples
• Presentations at staff meetings
• Prior completed quality control initiatives
• Rollout of new pronouncements

7. What criteria does the firm have for partner advancement and compensation in the firm, and how is this communicated within the firm?

Factors to consider—the reviewer should consider the following when completing this question:

- The effect of a loss of a significant client on a partner’s future at the firm
• The relationship between advancement in the firm and the person’s A&A quality
• Emphasis placed on bringing in new business
• Engagement retention issues

8. Did the firm have any engagements that offered significant risk or issues during the year?
[] Yes [] No

If so, obtain background on the nature of the risk or issues and note those engagements for further consideration as part of the engagement list provided by the reviewed firm.

Factors to consider when making this assessment:

- The size and complexity of the firm’s engagements
• The firm’s experience in the industry
• The firm’s consultation efforts with these engagements
• Write-offs incurred on these engagements

Team Captain _____

Date _____

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