

Quality Assurance as a Requirement to Membership of the International Federation of Accountants (IFAC) (Sudanese Case)

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Abstract

This paper addresses the issue of becoming effective part in this modern economy, where highly professional knowledge is needed to afford competition in such a fast growing complex economy. Professional and occupational organizations play vital role in the development and growth of nations' economies. These organizations are lobbies with advanced working system and special values of work ethics. The general trend in this modern time is the interests of individual persons as well as organizations to seek international recognition worldwide. The International Federation of Accountants (IFAC) is an international non –profit organization that takes care of accounting profession and accounting education at world level. This leading organization can play vital role in the development of international economy, as it is a recognized board that issues and indentifies accounting facilities at local and international arena. The Sudan is a part of this business. Its accounting firms, boards and personnel should seek international recognition; so joining (IFAC) is one step towards globalization to help develop local and international interests. This paper investigates the role of IFAC and explains the general procedures and requirements of membership to future applicants in the fields of accounting profession and accounting education.

Keywords: IFAC, accounting, auditing, membership requirements, international economy, quality assurance, education, Sudan

Introduction

Recently, appeared the need to join international institutions as a prerequisite to the growth of economy. Accounting is one of the professions concerned with growth of economy and development of communities. This requires transparency in the economies of the countries. Accounting is one of the tools by which greater transparency can be attained. To achieve this, we need to recognize accounting and auditing as professions and trust in their outputs. But this can only be achieved in the presence of boards, professional institutions or councils to take charge of regulating all affairs of the profession. To achieve recognition, accounting profession has to get membership of the International Federation of Accountants (IFAC), which is considered the world leading institution or the body concerned with the development of accounting and auditing professions. But to be a member of these world institutions IFAC has stipulated some requirements to be met by the local members. These local bodies can receive IFAC membership which enables them the right to vote and to be elected; in addition to the support that can be provided to them by IFAC to develop the profession in the member country. But the most important aspect in the recognition is to achieve the highest degree of reliability in the accounting practice by the accounting professional institutions in these member states.

This is because these institutions have to comply with all legal, ethical professional standards and regulatory requirements; otherwise they will not get the membership of IFAC if they do not meet these and other requirements. There are several requirements mandated by IFAC for membership in Article 2.2 of the Constitution of the International Federation of Accountants, which includes the need to meet the membership.

The obligations are clarified by the IFAC in the form of a number of data (seven data) to be complied by the current and potential members. This data is known as Statement of Membership Obligations (SMO's), and among those data is the statement of commitment membership number (1), which is entitled as "Quality Assurance". This statement is considered one of the most important data which relates to providing reasonable assurance, dependence or trust outputs of accounting & auditing professions and; where members are able to meet this statement, this will show that there are efforts being made by the establishment as well as accountants, who practice to achieve the required quality, by performing the task (the audit). This paper will mainly focus on the statement of Membership Obligations (SMO's) No. (1).

Problem of the study

The problem of the study is mainly in the following key question:

What is the reason behind the absence of Sudan to be represented by the (Sudanese Regulatory Board of Accounting and Auditing Professions) in the membership of IFAC?

The problem can be expressed through the following sub questions:

1. What are the types of membership available in the International Federation of Accountants?
2. What are the basic requirements for core membership in IFAC?
3. What is the role of accountants practicing professionals and the Commission or the Council in achieving adopting Statement Membership Obligations (SMO's) No. (1).
4. What are the procedures required to achieve the standard of quality control, as one of the requirements for obtaining IFAC membership?

The importance of the study

The significance of the study is in the dealing with one of the requirements for national councils on acquiring membership of the IFAC through addressing Statement Membership Obligations (SMO's) number (1)., and by clarifying how to apply procedures which help in commitment Statement Membership Obligations (SMO's) number (1), from one side. And from the other side this study tries to clarify that this statement is a shared commitment between the members and professional accountants who are practicing accounting and auditing profession, on the basis that the achievement of quality and assurance is first considered as process and foremost on the accountants practitioners. The role of the Commission is to make sure that these members of accounting and auditing companies this statement.

Objectives of the study

The study aims to provide an attempt to be utilized in applying and completing Statement Membership Obligations (SMO's) No. (1), from the point of view of the applicant member, as well as to clarify the role of accountants practicing in the completion of this statement. The goals can be achieved through the following objectives:

1. Illustrating the types of available International Federation of Accountants (IFAC) memberships that can be earned.
2. Clarifying the basic requirements for the core membership of the International Federation of Accountants.
3. Clarifying the role of each of the applicant practicing members and accountants of meeting the requirements standards of *International Standard Quality Control No1 (ISQC)*

Methodology

The researcher adopted the inferential and analytical approach, by addressing Statement Membership Obligations (SMO's) number (1), issued by IFAC, as well as the international standard review, entitled "Quality Control", issued by the *International Audit and Assurance Standards Board (IAASB)* and emphasized the international Audit and Assurance Standards Board (IAASB), as well as refereeing to *international audit standard* No. 220 entitled "quality control audit of historical financial statements" issued by the same Council.

Layout of the study

The study was divided into an introduction and three sections, where the researchers addressed the objectives and contributions of IFAC in the development of the accounting profession, in the first section.

The second section was dealing with Statement Membership Obligations (SMO's) number (1), and in the third section we focused on how to achieve quality assurance.

Section I: Objectives and contributions of the International Federation of Accountants (IFAC) in the development of the accounting and auditing profession

This section will be addressing the following points:

1-1 The goals of the International Federation of Accountants (IFAC).

1-2 The contributions to the International Federation of Accountants (IFAC) in the development of the accounting profession.

1-1 Goals of the International Federation of Accountants:

The International Federation of Accountants is an international organization that cares for and regulates the affairs of the accounting and auditing profession, by making a lot of efforts to provide guidance and set standards on accounting and auditing. (IFAC) is comprised of 159 members and associates in 124 countries worldwide, representing approximately 2.5 million accountants in public practice, industry and commerce, the public sector, and education. No other body in the world and few other professional organizations have such a broad-based international support that characterizes (IFAC) ([Http // www.ifac.org](http://www.ifac.org))¹

Founded in 1977, its mission is to serve the public interest by continuing to strengthen the worldwide accountancy profession and contributing to the development of strong international economies by establishing and promoting high-quality professional standards, furthering the international convergence of such standards, and speaking out on public interest issues where the profession's (IFAC, Constitution,2006)²

These goals are achieved through organizations and members of the IFAC, so this should be the focus of those boards and organizations. This is done through:

- a. Compliance to high professional standards of quality, both issued by IFAC and adopted by national bodies, or through standards of local boards.
- b. Adhering to international standards by working to increase international consensus to these standards. Therefore, it can be said that the objectives of IFAC are achieved through national member bodies of the Union.

The following are International Federation of Accountants requirements, that must be met by bodies seeking membership, where reference was made to these requirements in Article 2-2 of the Constitution of IFAC in paragraphs (a) and (b) and (c) and (d) and (e) as follows (IFAC, Constitution ,Ibid) ²

- a. The organization is acknowledged, either by legal decree or by general consensus, as being a national professional accountancy organization in good standing in the jurisdiction in which it operates. In the case of acknowledgement by general consensus, evidence must exist that such organization has the support of the public and other key stakeholders.
- b. The organization supports the missions of IFAC and the International Accounting Standards Board (hereinafter referred to as the "IASB"), and has either: (i) met the obligations specified in the Statements of Membership Obligations; or (ii) in those cases where an organization has not yet met all the obligations in the Statements of Membership Obligations, the organization actively participates in the IFAC Member Body Compliance Program, and has submitted a realistic and detailed action plan to meet such obligations.
- c. The organization demonstrates capacity to actively participate in the IFAC Member Body Compliance Program.
- d. The organization is financially and operationally viable, and has an appropriate governance structure.
- e. The organization has an internal operating structure that provides for the support and regulation of its members.

1-2 contribution to the International Federation of Accountants in the development of the accounting profession:

The IFAC's exerts efforts and multiple activities in order to develop and improve accounting profession, and these include contributing many areas, including, for example, attention to professional standards of general practice, as well as accounting standards of the public sector, and extends it to include ethical standards to ensure the performance of business credibility.

It also shows the contribution of IFAC clearly in interest in accounting education through the publication of numerous accounting education standards. All of these activities and efforts aim at achieving the objectives of the International Federation of Accountants (IFAC), which led the public interest. This can be illustrated by IFAC contributions in the development of accounting and auditing profession, through an explanation of the councils, which exercises specific activities. It should be noted that most of the councils were referred to in the past as commissions. Below is an explanation of some of these councils and the nature of activities carried out in the past (IFAC SMO, 2004)3:

The SMOs were amended for changes to the names of the following IFAC standard setting bodies:

- International Accounting Education Standards Board (previously the International Education Standards Committee).
 - International Ethics Standards Board for Accountants (previously the International Ethics Committee).
 - International Public Sector Accounting Standards Board (previously the Public Sector Committee).
- a. **International Auditing and Assurance Standards Board (IAASB):** This council is responsible for the development of international auditing standards, and the development of practice data, with surrounding basic principles and procedures for the auditors, in addition to the development of quality control standards for accounting and facilities teams and auditing task.
- b. **International Ethics Standards Board for Accountants (IESBA) :**
It was previously known as Ethics Committee, but has been developed to Board whose functions are to establish ethical requirements for professional accountants, as well as the development of ethics for professional accountants practitioners and providing a framework of five principles represented in (IFAC, Code of ethics, 2006, p10) (4):
- (a) Integrity
 - (b) Objectivity
 - (c) Professional Competence and Due Care
 - (d) Confidentiality
 - (e) Professional Behavior
- c. **International Accounting Education Standards Board (IAESB)**
It was formerly a committee called "Committee of accounting education"; but recently changed to the Board of Accountants Education Standards. This board's tasks is the development of standards of international accounting education, as a basis to teach members of the accounting profession, and the development of data on the practice, as well as providing guidance to assist agencies and professional organizations -members of the Union International Accountants and Accounting ---teachers to implement and achieve best practices in the field of accounting education.
- d. **International Public Sector Accounting Standards Board (IPSASB) (IFAC, Code of Ethics, Ibid, P4) (4)**
The SMOs were amended for changes to the names of the following IFAC standard setting bodies:
- International Public Sector Accounting Standards Board (previously the International Public Sector Accounting Standards Committee). Its functions is to develop financial reporting standards of quality for use in the public sector institutions; addition to the development of an integrated set of international standards for public sector accounting.
- e. **Compliance Committee:**
The **Committee's** work is ensuring that the bodies and member organizations of the International Federation of Accountants committed to versions and releases issued of professional standards. The Union has established the Compliance Committee, which in turn develops compliance program for the bodies and member organizations, that usually includes the following - taking into account national laws -:
1. The program shows and seeks to make sure that the members are committed to the implementation of the standards issued by the International Federation of Accountants.
 2. The program illustrates how members achieved their obligations or compliance with regard to quality assurance and investigation, as well as how to activate and adhere to disciplinary procedures.

As part of the compliance program; members must complete the self-assessment with regard to the requirements of small and medium-sized businesses, so that evaluation can identify areas for improvement and development, and through the development of action plans to address them. The SMO is considered as one of the versions of this committee that represents the basis for the compliance program, which offers many of the instructions of the bodies member or applicant members to assist in the performance of high-quality. In this sense the SMO represents a warranty or standards or benchmark that is referred to determine the extent of body member requirements.

The second topic: SMO's, this will be addressing the following points:

- 2.1 Types of available membership to the International Federation of Accountants (IFAC).
- 2.2 Overview of the SMO.
- 2.3 Statement of Membership Obligations (1).

2-1 types available membership to the International Federation of Accountants (IFAC):

There are three types of memberships available the local and international organizations repented by Article 2. Membership, Associate and Affiliate Organizations (IFAC, SMO, Opcit, P4)5

1. Full Membership it gives the member the right to vote and to be elected. Most of the bodies and national accounting organizations seek to obtain or to gain this membership.
2. Associate Membership: It could be granted to the bodies and professional accounting organizations in the case these boards do not meet the requirements and basic conditions of membership. Affiliate Membership is directed to those who have a particular area of interest which overlap with the accounting profession. In other words it is a membership-oriented to bodies, organizations and associations that who do not consider accounting as major activity to them, but there is an overlap with the accounting profession. It should be noted that the core membership and associate membership requires bodies and member organizations commitment or compliance with all standards issued by the International Federation of Accountants, especially SMO. Associate membership is considered less degree than the full member. This necessarily means that associate membership, with less degree of commitment and compliance is not an end but they need to exert more efforts to gain full membership. from the above we can say that associate membership is less a degree of full membership because it is resorted to when they do not meet the applicant body full membership conditions, which means -of course -that associate membership is not a full member of the International Union, So more effort are necessary and corrective actions to acquire the full membership.

2.2 Overview of the SMO:

A set of data on the obligations of membership was issued by the International Federation of Accountants. They were to be met by the bodies and associations members of the IFAC (full membership and associate membership) in April 2004, and amended in November 2006. This data is represented in the following (IFAC, SMO, Ibid, P7)6:

SMO Contents

- SMO1" Statement of Membership Obligation (1)"Quality Assurance"
- SMO 2"International Education Standards for Professional Accountants and other IAESB Guidance"
- SMO 3 "International standards, related practice statement and other papers issued by the IAASB"
- SMO 4 "IFAC code ethics for professional Accountants"
- SMO 5 "International Public Sector Accounting Standards and other IPSASB Guidance"
- SMO 6 "Investigation and Discipline"
- SMO 7"International Financial Report Standards"

These data are the basis for the acquisition of full membership of the International Federation of Accountants and the compliance and commitment by the applicant member and with which to evaluate compliance from time to time through self-assessment. Such compliance would contribute and help increase confidence in the profession to serve the public interest; thus national and regional bodies contribute in achieving IFAC message. The commitment to these data would achieve the highest quality in the audit process and related tasks. It should be noted that this data when applied by professional accounting facilities and accountants practicing, would increase the credibility of the output of the accounting process by professional. On the other hand it contributes to the development of the economies of the countries with transparency.

Thus, the SMO serves two directions:

First: Boards and organizations, professional associations, applicant members in the International Federation of Accountants (IFAC), as a requirement for membership.

Second: Professional accountants and accounting professional institution, because they are concerned with the need to comply with international standards as they represent actual practitioners of the profession. This necessarily requires national boards to develop programs to verify that the professional accountants and accounting professional institutions comply with professional standards, legal and regulatory requirements. The bottom line is that the acquisition of membership of the International Federation of Accountants requires more efforts in the internal development of professional boards. It requires teamwork to achieve accession or acquisition of membership as one of the practical steps for international recognition of professional certificates, issued by the applicant membership. This recognition necessarily requires good planning for all future actions, relating to the adoption and issue standards by activating the body's internal committees of applicant membership. Due to the multiple requirements for membership we will focus on the rest of the study on Statement of Commitment No. (1).

2-3 Statement of Membership Obligation No.(1) "quality assurance":

This issue will be addressed through the following points:

- a-2-3 concept of quality control system and its foundation
- b-2-3 Levels of quality control
- c-2-3 design procedures of quality inspection program.

A -2-3 Concept of quality control system and its foundation:

A system of quality control consists of policies designed to achieve the objective set out in paragraph 11 and the procedures necessary to implement and monitor compliance with those policies. (IFAC, Handbook 2010, Paragraph 3)7. The system of quality control can be defined when auditing the historical data of the financial statements: as a set of policies and procedures designed in the company to obtain reasonable assurance compliance with professional standards, regulatory and legal requirements when implementing the audit process and its documentation. In comparing the two concepts it is noted that the first concept is broader than the second because it includes other operations that can be performed by the accounting professional institution such as tax examination and financial consulting, etc., while the second definition focuses on the design of policies and procedures that ensure the achievement or accomplishment of auditing task in accordance with professional standards, regulatory, legal and ethical requirements in order to achieve quality. Individual firms are responsible for implementing policies and procedures that to comply with ISQC 1. The member body establishes a quality assurance review program that monitors compliance with those policies and procedures. (IFAC, SMO, Opcit, P.9)8. It can also be noticed that the two concepts are almost in an agreement between them on the design of policies and procedures, and then monitoring to obtain reasonable assurance about compliance with professional standards, legal and regulatory and ethical requirements.

SMO1 explained that there must be professional accounting policies and procedures to control the quality of all professional services performed by the facility, and that the member bodies must ensure that these policies and procedures are subject to external audit; because the reputation of the accounting profession and the legal auditing are at stake as they result in bankruptcy of many enterprises. An examples of such a case was the bankruptcy of Enron Energy in 2001, in addition to what has happened in financial markets in recent times in (2008), to the worst jolt resulted in the collapse and bankruptcy of many banks, insurance companies, and automakers because of what was known as real estate finance and debt trading activity, in addition to technical and ethical reasons, resulted in what was known as the global financial crisis. For all of these reasons the International Federations of Accountants have sensed the risks faced by the accounting profession of the loss of confidence, so current and prospective members were committed with the obligations of membership and quality assurance; which considers quality assurance as one of the most important data. Based on the above it can be said that the quality control system consists of the following components:

1. A set of policies to provide reasonable assurance that the entity or accounting professional accountants individuals or body member of the IFAC comply, with professional standards, regulatory, ethical and legal requirements.

2. Design procedures to help in the implementation of those policies.
3. Control implementation for each of the policy development and implementation of procedures.

The statement noted the commitment of Members with SMO that No. (1) cannot be formulated or summarized to establish an effective system of quality control audit programs because of the different nature of accounting facilities and complicated task of the auditing procedures. But the statement identified some targets that can be used as a guide in the preparation of quality control system and the body members or applicant members who want to join the IFAC membership and work to achieve those goals. These goals are:

1. The member boards should adopt or develop standards of quality control and other related guidelines. They are obligatory to practicing accountants to establish policies and procedures for quality control to provide reasonable assurance of compliance with professional, legal and regulatory standards requirements as well adopting ethical performance auditing function and associated services. The nature and scope of policies and quality assurance procedures on several factors, including the size and nature of the exercise, considering cost and adequate return. Policies and procedures adopted by the different accounting institutions may be different according to documenting policies and procedures followed by different institution to comply with.
2. Members of the federation must establish quality inspection system to assess, whether the facilities or professional accountants, accounting practitioners have established policies and quality control procedures to the extent of its commitment to those policies and procedures.
3. The authority has to design programs to examine the quality assurance to ascertain the extent of the commitment of accountants practicing professional standards with related links, as well as the compliance with these policies and procedures, in addition to legal and regulatory requirements and ethical.
4. Accounting and accountants practicing institution have to make necessary improvements in the policies and procedures quality assurance or commitment to those policies and procedures. In case of failure of those installations to comply with the standards of the profession related and legal, regulatory requirements, body members then must ask those facilities to do appropriate corrective actions.

The firm shall establish and maintain a system of quality to achieve these objectives the member bodies have to advertise standards that will be used to measure and evaluate policies and procedures of accounting quality assurance of facilities, and should clarify those standards of quality control and responsibility of each accounting facility. The firm shall establish and maintain a system of quality control that includes policies and procedures that address each of the following elements: (IFAC,ISQ(1),2010, Paragraph16) 9

- (a) Leadership responsibilities for quality within the firm.
- (b) Relevant ethical requirements.
- (c) Acceptance and continuance of client relationships with specific engagements.
- (d) Human resources.
- (e) Engagement performance.
- (f) Monitoring.

2-3 Levels of quality control:

The statement of Membership Obligation No. (1) points that the Board of international auditing standards has issued international audit standard number (220) entitled "policies and procedures of quality control for auditing and accounting firms), in addition to international quality control review and confirmation standard of services related to ISQC 1.

From this we can say that quality control is addressed at three levels: (IFAC, Ibid, 2004, P.7)10

Level I: Task Engagement Level

Level II: established accounting Firm Level

Level III: User Authority Member Level

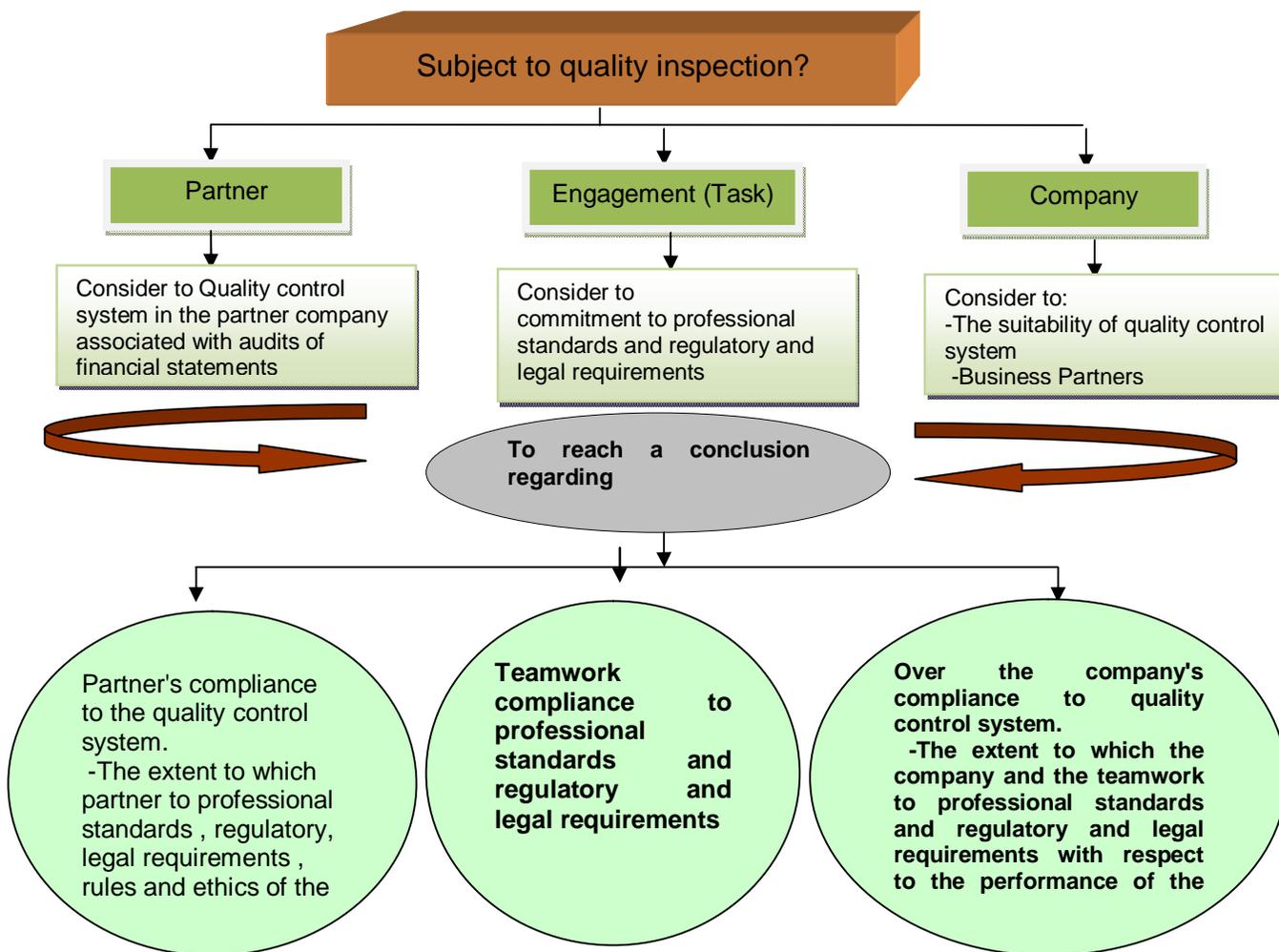
The first level: quality control on the job:

The International of Auditing and Assurance Standards Board amended Standard No. (220) issued the international standard for quality control ISQC, where it stressed the standard that the team implementing quality control procedures must apply to the individual audit functions. The (IAASB) identified in the standard (ISQC) six elements of quality control task "historical financial audit statements" including:

- 1 - Senior leadership responsibilities of quality audits.
- 2 - Acceptance and continuing relationships with new and existing clients.
- 3 - Appointment of task force.
- 4 - The performance of task.
- 5 - Monitoring
- 6 - Ethical requirements.

Here are the details of each element (IFAC, Opcit, 2010, PP 163- 182) 11:

Figure (1) illustrates these levels:



Leadership Responsibilities for Quality within the Firm

2. The firm shall establish policies and procedures designed to promote an internal culture recognizing that quality is essential in performing engagements. Such policies and procedures shall require the firm’s chief executive officer (or equivalent) or, if appropriate, the firm’s managing board of partners (or equivalent) to assume ultimate responsibility for the firm’s system of quality control. (Ref: Para. A4–A5). The firm shall establish policies and procedures such that any person or persons assigned operational responsibility for the firm’s system of quality control by the firm’s chief executive officer or managing board of partners has sufficient and appropriate experience and ability, and the necessary authority, to assume that responsibility. (Ref: Para. A6)

2 - Set the task force: The policies and procedures are presented in many points, for example:

* To design policies and training for the team to acquire understanding and experience necessary to perform audits similar nature and through participation.

- * To design policies and procedures that help in the understanding of professional standards, regulatory and legal requirements.
- * To design procedures relating to the appropriate technical knowledge, including knowledge relating to information technology.
- * To set procedures that help in knowledge similar to sectors in which the customer operates.
- * To set procedures that help to assess the ability to apply professional judgment of the members of the task team.
- * To design policies and procedures to help staff to understand the policies and procedures of quality control of the company (or accounting firm).

The firm shall assign responsibility for each partner and shall establish policies and procedures requiring that:

- (a) The identity and role of the engagement partner are communicated to key members of client management and those charged with governance;
- (b) The engagement partner has the appropriate competence, capabilities, and authority to perform the role.
- (c) The responsibilities of the engagement partner are clearly defined and communicated to that partner. (Ref: Para. A30)

The firm shall also establish policies and procedures to assign appropriate personnel with necessary competence, and capabilities to:

- (a) Perform engagements in accordance with professional standards and applicable legal and regulatory requirements; and
- (b) Enable the firm or engagement partners to issue reports that are appropriate in the circumstances. (Ref: Para. A31)

3- Acceptance and Continuance of Client Relationships and Specific Engagements

The firm shall establish policies and procedures for the acceptance and continuance of client relationships and specific engagements, designed to provide the firm with reasonable assurance that it will only undertake or continue relationships and engagements where the firm:

- (a) is competent to perform the engagement and has the capabilities, including time and resources, to do so; (Ref: Para. A18, A23)
- (b) can comply with relevant ethical requirements; and
- (c) has considered the integrity of the client, and does not have information that would lead it to conclude that the client lacks integrity. (Ref: Para. A19-A20, A23) ITY CONTROL

4 - perform the task and documentation: we find that this element includes the following policies and procedures:

- To develop and design policies and procedures, guidance, supervision and audit performance report.
- To develop policies and procedures that help to maintain the objective thinking and an appropriate level of caution and care necessary for the profession.
- consulting policies and procedures include (team in charge of the audit, that performs consulting appropriate - providing convenience that the task force has conducted consultations during the course of the task .)
- Policies and Procedures of different opinion: to include the policies and procedures for dealing with disputes, as important partner must inform the task force that they can tell things that include differences of opinion without fear of reprisal.
- examine the policies and procedures of quality control including the appointment of an important quality control placement examination, and discuss important matters arising during the implementation of the task, and not to issue the audit report until the completion of the full implementation of a quality control review of the mission.

5 - Monitoring: This component includes the following policies and procedures:

- Compliance policies and procedures.
- Effectiveness and efficiency.
- rectify the situation in the context of the audit function.
- Note defects that affect the function auditing.

6- Relevant Ethical Requirements

The firm shall establish policies and procedures designed to provide it with reasonable assurance that the firm and its personnel comply with relevant ethical requirements. (Ref: Para. A7-A10) Independence 21. The firm shall establish policies and procedures designed to provide it with reasonable assurance that the firm, its personnel and, where applicable, are subject to independence requirements (including network firm personnel) maintain independence where required by relevant ethical requirements.

Level II: Quality control on accounting firms:

We find that the statement of commitment No. (1) Identified five elements to control assurance of accounting firms:

- 1 - Senior leadership responsibilities for quality within accounting firms, including ethical requirements.
- 2 - Acceptance and continuing relationships with new and existing clients with specific tasks.
- 3 - Human Resources.
- 4 - Performance of task.
- 5 - Supervision.

The accounting firm shall make or design a system for quality control to provide reasonable assurance that the company and its personnel adhere to professional standards, regulatory, legal and ethical requirements. And that the reports issued by the accounting firm are considered appropriate according to circumstances. Also SMO1 indicates the need for closer policies and procedures of quality control and on reporting of company employees. The company should also develop policies and procedures to provide reasonable assurance that it has a sufficient number of staff with necessary capacity and competence to carry out the task entrusted to them. It must also illustrate the extent of their compliance with the rules of ethical behavior. The company should establish policies and quality control procedures for the mission to provide objective assessment of the important provisions taken by the Task Force and the conclusions that have been reached.

This can be illustrated by examples of policies and actions that can be taken or followed in accordance with each element of quality control as follows:

- 1 - Leadership responsibilities, including the ethical requirements of the profession; where they can design the following policies and procedures:
 - a - policies and procedures designed to achieve internal culture quality in the performance of tasks, including work performance that complies with professional standards, regulatory and legal requirements, and the issuance of appropriate reports.
 - b - policies and procedures to comply with the ethical requirements including the main principles of ethics, issued by Occupational Accountants part (B) about independent operations with emphasis that include the threat of self-interest, self-revision and preventive measures, etc...
- 2 - Acceptance and continuation of customer relationships; including policies and procedures for accepting and continuing relationships with customers with specific tasks, to include integrity of the client and the efficiency of task performance and compliance with the requirements of the profession.
- 3 - Performing the task to find that:
 - Policies and procedures comply with the requirements of the regulatory and legal professional standards.
 - Special documented policies and procedures guidelines.
 - Developing policies and procedures for dealing with differences of opinion.
 - Policies and procedures to review the quality control task (nature, timing and extent of examination quality control task.)
- 4 - Human Resources; The actions and policies of this element are:
 - policies and procedures related to the principles of ethics needed to perform the task by professional standards.
- 5 - Control; The policies and procedures of quality control: this element includes:
 - policies and procedures designed to comply with professional standards, regulatory, legal and continuous assessment of the quality control system.

Level III: quality control on Boards Members:

Statement Membership Obligation No.(1) confirmed in paragraph (13) that a member of the International Federation of Accountants must provide assistance to its members to enable them:

a) Understand the objectives of quality control; and
 b) Implement and maintain appropriate systems of quality control (IFAC, SMO, Opcit, 2004 ,P.14)12, pointed that the assistance take the following forms including:

- Developing guidelines for comprehensive Continuing Professional Development (CPD) programs. These could include

- (a) Guidance on planning or evaluating the adequacy of in-house training,
- (b) CPD programs mandated by the member body or local licensing authority.

- Providing CPD programs to firms, including those directed to implementing quality control policies and procedures.

- Providing guidelines for conducting effective internal inspection programs.

- Implementing voluntary programs that enable firms to obtain independent, confidential assessment of their quality control policies and procedures,

To investigate the extent of compliance by the International Federation of Accountants (IFAC) for quality control requirements, IFAC has set a special committee called Compliance Committee.

From the foregoing the researchers conclude that there are many factors that must be considered when designing a system of quality control in the future.

Figure (1), illustrates the responsibility of quality professional accountant to comply with professional, regulatory, legal requirements

C-2-3 Procedures required to design quality inspection program:

Depending on the **Figure (1)** and a statement of membership Obligation No.(1) in paragraphs (18) and (19) (14), the User Authority should develop guidelines for the examination of quality assurance to include the following actions:

1. To determine whether quality assurance team received adequate training in the implementation of quality control auditing.
2. To determine the independence of the members of the team of quality control.
3. To assess compliance with international accounting standards IAS and international standards for public sector accounting IPSAS and International Standards on Auditing ISA.
4. Evaluation of technical skills and specialized knowledge and expertise to examine the quality control team, as well as evaluating their mandate to perform the quality assurance auditing.
5. Assessment of corrective actions taken by the member and the related results of earlier quality control tests.
6. Report extract of quality assurance to help the subject of examination - individuals, or task, or company in:
 - identify and implement any necessary corrective action.
 - Improvements in policies and quality control procedures
7. To impose additional corrective measures - when possible - by providing educational help and control.
8. Imposition of tools to discipline members who refuse to cooperate and fail to take necessary corrective actions, or who have found a serious disability or deviation in performance.
9. Maintaining the confidentiality of customer information.
10. Maintaining the confidentiality of client information

We need to mention that these procedures are considered minimum requirements, but they can be extended according to the size and nature of the establishment. This can be done by adopting the International Standard for Supervision No.1 and the Auditing Standard No. (220) entitled (Control Quality review of historical financial information).

The third topic: how to maintain the statement of Membership Obligation No. (1)

Here are necessary guidelines regarding the procedures that must be followed to design quality inspection program:

- 1 - Procedures for team work.
- 2- Procedures for documentation.
- 3 - Skills and efficiency.

- 4 - Ethical requirements.
- 5 - Report.
- 6 - Corrective and disciplinary actions.

The following is a breakdown of these points:

1. Team work procedures:

The procedures are:

- providing Assessment system of quality control for practitioners and accountants associated with financial auditing of listed companies.
- Providing guidelines for all practitioners to include compliance worksheets and discussion with the staff.
- examining the policies and procedures of quality control and inspection - preparing worksheets to assess the extent of compliance with accounting team.
- Making sure that adequate and appropriate documentation for evaluation of the evidence is embedded in the worksheets.

In addition to procedures in 3-2, we have to make sure of obtaining sufficient understanding of (IFAC, SMO, Opcit, 2004, P13)13

- The nature and extent of the member's audit practice and the methodologies used.
- The design of the member's system of quality control.
- The internal ethical and independence policies and procedures.
- The member's training policies and procedures.

It may be useful to plan the quality assurance review concurrent with the member's monitoring procedures.

- Reviewing compliance with the member's system of quality control relating to audit financial statements.
- Reassessing the adequacy of the scope of quality assurance review by evaluating the results to determine whether additional procedures are necessary to support or reach a conclusion.
- Holding a closing meeting with the member to discuss the quality assurance review team's results, conclusions, recommendations, and the type of report to be issued.
- Providing the member with conclusions and recommendations for corrective actions.

2. Procedures for Documentation:

During the quality assurance review, the quality assurance review team (IFAC, SMO, Opcit, 2004, P14)14

- (a) must examine documents of the review planning, the scope of work performed, the conclusions reached, and comments made to the firm or partner that were not deemed sufficiently significant to be included as a finding;
- (b) Evaluate the nature, cause, pattern, pervasiveness, and significance of any deficiencies in the design of the firm's system of quality control and in the firm's compliance with its system;
- (c) Evaluate the nature, cause, pattern, pervasiveness, and significance of any deficiencies in the performance of an engagement; and
- (d) Summarizes conclusions

3. Skills and efficiency:

Members of the quality assurance review team should have the necessary competencies to perform the work expected of them. These competencies include: (IFAC, SMO, Opcit, 2004, P15)15

- (a) Appropriate professional education;
- (b) Relevant professional experience; and
- (c) Specific training on performing quality assurance reviews

And we should take into account the skills and experience required to examine the quality assurance. One of those considerations as stated in paragraph (38) of the Statement of Commitment organic (1) includes:

- 1 - Understanding the professional standards, regulatory and legal requirements.
- 2 - Understanding the instructions lay down by the member with respect to quality assurance.
- 3 - Understanding and practical experience to perform the task of auditing and examination quality assurance through participation and proper training.

- 4 - Appropriate technical knowledge, including knowledge of appropriate information technology.
- 5 - Knowledge and understanding of industry-specific.
- 6 - The ability to apply professional judgment (professional judgment).

4. Ethical requirements:

Authority member must examine the quality assurance team taking the basics and principle evidence of the International Federation of Accountants into account (the ethics guide), which have a link or relationship with the quality assurance team. Independence of the members of the examination team quality assurance is one of the most important requirements as directed by Member Statement of Commitment No.(1).

5. Report: (IFAC, SMO, Opcit, 2004, P17) 16

Quality assurance review team leader should issue a written quality assurance review report to the reviewed firm or partner upon completion of each quality assurance review assignment. The report should include the following elements:

- The guidance (referred to in paragraph 18) utilized by the quality assurance review team.
- Where the subject of the quality assurance review program is a firm, a conclusion on:
 - o Whether the firm's system of quality control has been designed to meet the requirements of the quality control standards described in paragraph 11; and
 - o Whether the firm has complied with its system of quality control during the review period.
- Where the subject of the quality assurance review program is a partner, a conclusion on:
 - o Whether the partner has been subject to a system of quality control designed to meet the requirements of the quality control standards described in paragraph 11; and
 - o Whether the partner, through the firm, has complied with the firm's system of quality control during the review period.
- Reasons for negative conclusions on the above.
- Recommendations for areas of improvement at both firm wide and engagement level.

6. Corrective and disciplinary actions:

Members are asked to make appropriate corrections in the quality control system, in compliance with policies and procedures. When there is repeated failure from a member of the compliance with professional standards and regulations, it is legal for the user to take appropriate disciplinary action. We should take into account the conclusions of the report of examination of quality assurance. In the case of unsatisfactory conclusions we may ask for plan to include corrective actions that will be taken. In Paragraph (59) of SMO 1 (19) (IFAC, SMO, Opcit, 2004, P18) 17 members must put an end between the unsatisfactory results and initial corrective action and disciplinary procedures. As indicated in paragraph (60) of the same statement that the member must take into account the different forms of corrective actions, including:

- 1 - Asking the accounting facility to take corrective measures to include appropriate personal actions.
- 2 - Additional ongoing professional development.
- 3 - Private quality assurance tests or accelerated.

With regard to disciplinary action in paragraph (61) of the same statement there could be:

- a - warning and reprimand and censure.
- b - Fine.
- c - Suspension.
- d - Expulsion from membership.

The member board should clearly establish a link between less satisfactory results of quality assurance reviews and the initiation of corrective and disciplinary actions under its disciplinary system.

Results and recommendations

1. Quality assurance process is a joint operation between several parties, including the facility accounting, accountant, and the Commission or the Council of the organization of the accounting and auditing profession working together to achieve the highest degree of reliability in the review of accounting information.
2. the Council or the organization of the accounting profession must ensure high levels of quality, by developing specific and clear procedures for the quality assurance process for the accounting facility.

3. Committed Member's must adopt standards issued by the International Federation of Accountants contribute effectively to achieve quality standards to required extent.
4. Documentation for all different stages of quality is of great impotence.
5. National boards of accounting and auditing have to set and design quality assurance system that goes in line with the membership statement No. 1 issued by IFAC.
6. These professional council should adopt the statement of membership commitment and work with it to achieve its goals when being issued firm license and personnel works in accounting and auditing.
7. Council should share concerned partners when designing quality assurance programs

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