

Australian Standard™

**Quality system guidelines —
Guide to AS/NZS ISO 9001:1994
for the accountancy profession**

This Australian Standard was prepared by Committee QR/2, Quality of Service. It was approved on behalf of the Council of Standards Australia on 21 August 1998 and published on 5 October 1998.

The following interests are represented on Committee QR/2:

Australian Association of Certification Bodies
Australian Automobile Association
Australian Bankers Association
Australian Organization for Quality
Department of Defence (Australia)
Electricity Supply Association of Australia
Federal Bureau of Consumer Affairs (Australia)
Institution of Engineers Australia
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Metal Trades Industry Association of Australia
New Zealand Association of Certifying Bodies
Public Relations Institute of Australia
Quality in Law
Retailers Council of Australia
Sydney Water Corporation
Telarc New Zealand
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Additional interests participating in preparation of Standard:

Australian Institute of Management
Australian Society of Certified Practising Accountants
Institute of Chartered Accountants in Australia
National Institute of Accountants
Accounting consultants
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Australian Standard™

**Quality system guidelines —
Guide to AS/NZS ISO 9001:1994
for the accountancy profession**

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PREFACE

This Standard was prepared by the Joint Standards Australia/Standards New Zealand Committee QR/2 on Quality of Service with input from the Australian Society of Certified Practising Accountants, the Institute of Chartered Accountants in Australia and the National Institute of Accountants.

The representatives on the Committee agreed to produce this Standard as an Australian Standard.

The objective of this Standard is to provide guidance to the accountancy profession to develop and implement a quality system based on the ISO 9000 series of Standards.

The following terminology is used in this Standard:

- This Standard (AS 3905.15) is referred to hereafter as the Guide.
- AS/NZS ISO 9001:1994, *Quality systems – Model for quality assurance in design, development, production, installation and servicing*, AS/NZS ISO 9002:1994, *Quality systems – Model for quality assurance in production, installation and servicing* and AS/NZS ISO 9003:1994, *Quality systems – Model for quality assurance in final inspection and test* are referred to collectively as the Standards.
- AS/NZS ISO 9001:1994 is referred to hereafter as the Standard.

In this Guide, each Clause of the Standard is given, indicated by an **STD** icon and *italic text*. This is followed by the guidance to that Clause, explaining how the Clause may be implemented, using appropriate terminology and examples taken from the accounting environment. Additional icons are used as follows:



This icon is used to indicate that the explanation of the main intent of the Clause.



This icon is used to indicate discussion of how the Clause might be applied in an accounting environment.



This icon is used to indicate where associated requirements are to be found in the Quality Assurance Manuals of the professional accounting bodies.

e.g. This icon is used to indicate examples of how the requirements of the Clause might be applied in an accounting environment.



This icon is used to indicate any relevant notes.

Clause numbers and headings used are parallel to those of AS/NZS ISO 9001.

In addressing AS/NZS ISO 9001, this Guide also provides all the guidance necessary for AS/NZS ISO 9002, which many accountancy organizations may find adequate for their needs.

Attention is drawn to AS/NZS ISO 9004.1:1994, *Quality management and quality system elements*, Part 1: *Guidelines*, which is a general guide to quality management and quality assurance systems. This document gives guidance to the application of AS/NZS ISO 9001 and AS/NZS ISO 9002 but is not specific to any particular industry or profession, whereas this Guide is specific to accountancy organizations.

Where examples are given on how the intent may be realized, they should not be taken as either prescriptive or exhaustive. There are many ways whereby an accounting organization may achieve the intent of the Standard.

CONTENTS

	<i>Page</i>
FOREWORD	4
Introduction	6
1 Scope	7
2 Normative reference	7
3 Definitions	8
4 Quality system requirements	8
4.1 Management Responsibility	8
4.2 Quality system	13
4.3 Contract review	17
4.4 Design control	20
4.5 Document and data control	26
4.6 Purchasing	28
4.7 Control of customer-supplied product	31
4.8 Product identification and traceability	32
4.9 Process control	32
4.10 Inspection and testing	33
4.11 Control of inspection, measuring and test equipment	36
4.12 Inspection and test status	37
4.13 Control of nonconforming product	37
4.14 Corrective and preventive action	39
4.15 Handling, storage, packaging, preservation and delivery	41
4.16 Control of quality records	42
4.17 Internal quality audits	43
4.18 Training	44
4.19 Servicing	45
4.20 Statistical techniques	45
APPENDICES	
A QUALITY REVIEW PROGRAM OF THE AUSTRALIAN SOCIETY OF CERTIFIED PRACTISING ACCOUNTANTS AND THE INSTITUTE OF CHARTERED ACCOUNTANTS IN AUSTRALIA	46
B QUALITY REVIEW PROGRAM OF THE NATIONAL INSTITUTE OF ACCOUNTANTS	47
C STEPS TOWARD A QUALITY SYSTEM	48

FOREWORD

Accounting organizations are continually looking to improve the quality of their service to clients. In any approach to quality, there is a wide range of options available.

Some of these options must be followed by certain organizations. Quality in part is regulated by statutory requirements. In addition, the professional accounting organizations (viz. Australian Society of Certified Practising Accountants, The Institute of Chartered Accountants in Australia and the National Institute of Accountants) also have professional standards which must be complied with.

Accounting organizations have the option of implementing the other quality options in the non-regulated areas and the decision as to which is the most appropriate approach is, of course, one that each accounting organization must make for itself.

Two frequently asked questions are ‘What is a quality system?’ and ‘What is an ISO 9000 quality system?’ All businesses have established systems that define the way they do business. Quality systems are about evaluating how and why business operations are performed, writing down how things are carried out and recording results to show performance.

The ISO 9000 series is a set of Standards, some of which specify requirements for quality systems (ISO 9001, ISO 9002 and ISO 9003) and others which provide guidance on interpretation and implementation of a quality system (e.g. ISO 9000-2, ISO 9004-1). Accounting organizations may apply the ISO 9000 Standards as a way of implementing and maintaining a quality system.

Accountants and accounting organizations can use this Guide to interpret the requirements of AS/NZS ISO 9001:1994 as they might be applied to the accounting environment and provides the basis for understanding the quality systems approach.

Quality systems are now an integral part of the manufacturing, service and contracting industries, not only in Australia but on a worldwide basis. Broadly, quality system Standards are documents that provide businesses with a framework to assess the quality of the processes they follow in their business. Throughout the world, the adoption of the ‘ISO 9000’ series of quality system Standards has resulted in the ability to recognize that a quality system to a given Standard in one country is comparable to a quality system of the same Standard in another country. Accounting organizations that adapt their office procedures to comply with AS/NZS ISO 9001:1994 or AS/NZS ISO 9002:1994 are more likely to deliver services of a consistent quality. They will also be able to obtain certification as a business that meets the requirements of the Standard. Some government and institutional clients may require their accountants to be certified as quality service providers as a condition of doing their work in future.

Accounting organizations may adapt their processes to comply with AS/NZS ISO 9001:1994 or AS/NZS ISO 9002:1994. The Standards focus on quality system requirements to achieve assurance that the system is in place. Implicit in the ISO 9000 quality system is that ‘products’ conform to specified requirements. Quality systems will be effective for accounting organizations when the system has compliance with the professional and other requirements built into it as well as the ISO 9001 elements, thus ensuring that the ‘product’ conforms with specified requirements.

Members of the Australian Society of Certified Practising Accountants or The Institute of Chartered Accountants in Australia are required to have their products and processes tested against the requirements of professional standards through the quality review program of those organizations. The Society and the Institute have developed and implemented a quality review program for members in public practice, aimed at ensuring compliance with professional standards. All members in public practice are required to undergo a quality

review on a regular basis as a condition of practising. The quality review program is described in Appendix A. Members of these accounting bodies should note that they cannot implement an AS/NZS ISO 9001:1994 quality system without having regard to the accounting bodies professional standards, as this would not, on its own meet the requirements of those bodies.

Members of the National Institute of Accountants, providing services or products to the public are required to comply with the requirements of a quality review program (see Appendix B). Members implementing a quality system in compliance with AS/NZS ISO 9001:1994 would also be required to include relevant professional standards as applicable.

This Guide addresses AS/NZS ISO 9001:1994 which is the most comprehensive of the three quality system Standards. It includes all requirements of AS/NZS ISO 9002:1994. The difference between the two quality system Standards being that AS/NZS ISO 9001:1994 contains an additional clause covering 'design control' (Clause 4.4).

AS/NZS ISO 9001:1994 has an Introduction and four main Clauses:

- Clause 1 Scope
- Clause 2 Normative references
- Clause 3 Definitions
- Clause 4 Quality system requirements

The main body of the Standard is set out in Clause 4, which specifies the 20 key components or 'system elements' that a quality program must have to meet the requirements of the Standard. However, there is sufficient flexibility in the Standard to allow different organizations to meet requirements in different ways. Quality system Standards state *what* is to be done but not *how*. Therefore, quality systems may vary from accounting organization to accounting organization, reflecting such factors as the nature of the organization, management policy and objectives, personnel and the complexity of operations.

A large accounting organization may have completely different procedures and processes to either a three-partner organizations or a sole practitioner. Nevertheless, they can all comply with the Standard. The key issue is that the operating procedures should reflect the way the organization conducts its business. Neither AS/NZS ISO 9001 nor this Guide should be taken as prescriptive, but rather used to establish a workable quality management system.

It is important to realise that a quality system is a tool which cannot take the place of the goals that an accounting organization has set itself but does provide the support to enable them to be achieved. The quality system needs to be reviewed regularly and appropriate changes introduced to ensure that worthwhile and economically viable improvements are achieved.

This Guide lists the requirements of Clause 4, which an accounting organization will need to address if it wishes to have its quality system certified. Each accounting organization will need to decide if 'design' applies to its activities and consequently whether AS/NZS ISO 9001 is the appropriate Standard when considering certification requirements. It is probable that most accounting organizations will find AS/NZS ISO 9002 suitable for their needs. This Guide provides guidance to both Standards. AS/NZS ISO 9003 will only apply to accounting organizations which undertake inspection and testing of its services or product. This is unlikely to apply to accounting organizations.

STANDARDS AUSTRALIA

Australian Standard
Quality system guidelines

Part 15: Guide to AS/NZS ISO 9001:1994
 for the accountancy profession

STD**Introduction**

This International Standard is one of three International Standards dealing with quality system requirements that can be used for external quality assurance purposes. The quality assurance models, set out in the three International Standards listed below, represent three distinct forms of quality system requirements suitable for the purpose of a supplier demonstrating its capability, and for the assessment of the capability of a supplier by external parties.

- a) *ISO 9001, Quality systems — Model for quality assurance in design, development, production, installation and servicing*
 — for use when conformance to specified requirements is to be assured by the supplier during design, development, production, installation and servicing.
- b) *ISO 9002, Quality systems — Model for quality assurance in production, installation and servicing*
 — for use when conformance to specified requirements is to be assured by the supplier during production, installation and servicing.
- c) *ISO 9003, Quality systems — Model for quality assurance in final inspection and test*
 — for use when conformance to specified requirements is to be assured by the supplier solely at final inspection and test.

It is emphasized that the quality system requirements specified in this International Standard, ISO 9002 and ISO 9003 are complementary (not alternative) to the technical (product) specified requirements. They specify requirements which determine what elements quality systems have to encompass, but it is not the purpose of these International Standards to enforce uniformity of quality systems. They are generic and independent of any specific industry or economic sector. The design and implementation of a quality system will be influenced by the varying needs of an organization, its particular objectives, the products and services supplied, and the processes and specific practices employed.

It is intended that these International Standards will be adopted in their present form, but on occasions they may need to be tailored by adding or deleting certain quality system requirements for specific contractual situations. ISO 9000-1 provides guidance on such tailoring as well as on selection of the appropriate quality assurance model, viz. ISO 9001, ISO 9002 or ISO 9003.



The Introduction describes the three quality system Standards and their intended spheres of application.

Clause 4 describes the specified requirements which make up the quality system. An accounting organization needs to decide which of these are relevant to its operations. These decisions need to be made realistically and applicable requirements should not be ignored. Requirements cannot be discarded as irrelevant simply because an accounting organization does not wish to do it. If the requirement applies to the organization, it needs to be considered, particularly if certification is to be sought.

For an accounting organization, the two Standards that would apply are either AS/NZS ISO 9001 or AS/NZS ISO 9002. It is most unlikely that AS/NZS ISO 9003 would apply to the accountancy profession.

STD

1 Scope

This International Standard specifies quality system requirements for use where a supplier's capability to design and supply conforming product needs to be demonstrated.

The requirements specified are aimed primarily at achieving customer satisfaction by preventing nonconformity at all stages from design through to servicing. This International Standard is applicable in situations when

- a) design is required and the product requirements are stated principally in performance terms, or they need to be established, and*
- b) confidence in product conformance can be attained by adequate demonstration of a supplier's capabilities in design, development, production, installation and servicing. 2*

NOTE 1 For informative references, see Annex A.



The Scope varies from AS/NZS ISO 9001 to AS/NZS ISO 9003. The key differences between the three Standards is the quality system requirements described in Clause 4 of each Standard. Clause 4 contains 20 subclauses (Clauses 4.1 to 4.20), however the number of subclauses that actually apply is different for each Standard.



In AS/NZS ISO 9001, all 20 subclauses apply. This Standard is used where an accounting organization needs to demonstrate its capability in design, development, production, installation and servicing. It also applies to those accounting organizations whose product is design or could be described as intellectual property, e.g. a consultancy service.

The terms design and development are covered by the guidance given in Clause 4.4, process control/production in Clause 4.9, and servicing in Clause 4.19. However, installation is not directly covered by any specific clause. The need for installation could arise when, say a software program is developed by an accounting organization and subsequently installed in the client's premises. A training program could be another example of 'installation'.

In AS/NZS ISO 9002, only 19 subclauses apply and these are identical to AS/NZS ISO 9001. It excludes the design/development Clause. This Standard applies generally where the small business is supplying products on the basis of established capabilities in production and installation.

In AS/NZS ISO 9003:1994, only 16 subclauses apply. This Standard applies generally where the business is supplying products on the basis of established inspection and test capabilities, and as noted earlier, it is unlikely that this will apply to an accounting organization.

STD

2 Normative reference

The following standard contains provisions which, through reference in this text, constitute provisions of this International Standard. At the time of publication, the edition indicated was valid. All standards are subject to revision, and parties to agreements based on this International Standard are encouraged to investigate the possibility of applying the most recent edition of the standard indicated below. Members of IEC and ISO maintain registers of currently valid International Standards.

ISO 8402:1994, Quality management and quality assurance — Vocabulary



This ‘normative reference’ clause is included in all the ISO quality system Standards so that people will know which Standards are mentioned as references. This Clause will normally be of little concern to accountants.

‘Normative reference’ means that where the term defined in the listed Standard, (viz. ISO 8402:1994) is used in the ISO 9000 series of Standards, the term has the meaning that is defined in ISO 8402. A normative reference is interpreted as being an inherent part of the Standard.



3 Definitions

For the purposes of this International Standard, the definitions given in ISO 8402 and the following definitions apply.

3.1 product: *Result of activities or processes.*

NOTES

2 *A product may include service, hardware, processed materials, software or a combination thereof.*

3 *A product can be tangible (e.g. assemblies or processed materials) or intangible (e.g. knowledge or concepts), or a combination thereof.*

4 *For the purposes of this International Standard, the term “product” applies to the intended product offering only and not to unintended “by-products” affecting the environment. This differs from the definition given in ISO 8402.*

3.2 tender: *Offer made by a supplier in response to an invitation to satisfy a contract award to provide product.*

3.3 contract: *Agreed requirements between a supplier and customer transmitted by any means.*



This Clause lists the International Standard for definitions of quality terms and the specific definitions for the terms ‘product’, ‘tender’ and ‘contract’ used in ISO 9001.



4 Quality system requirements

4.1 Management Responsibility

4.1.1 Quality Policy

The supplier’s management with executive responsibility shall define and document its policy for quality, including objectives for quality and its commitment to quality. The quality policy shall be relevant to the supplier’s organizational goals and the expectations and needs of its customers. The supplier shall ensure that this policy is understood, implemented and maintained at all levels of the organization.



The Standard requires an accounting organization to have a quality policy, which should be documented.



For an accounting organization there are three key issues which must be addressed to satisfy this requirement —

- i) An accounting organization needs to have a quality policy which documents the organization’s commitment to quality. It also needs to address the needs and expectations of its clients. Typically this policy is signed by the senior executive of the accounting organization.
- ii) In order to support the quality policy, the accounting organization may need to establish quality objectives. These objectives should be measurable, achievable and have time frames and responsibilities allocated to them.

These objectives may change over time as targets are achieved and new targets/objectives established.

- iii) The accounting organization needs to ensure that the policy is understood, implemented and maintained at all levels in the organization. The quality policy could be displayed in the work areas. It may be necessary for staff to undergo awareness training in terms of the quality policy and their responsibilities in the quality system. It must be emphasized that such quality consciousness applies to all staff, both professional and administrative.



APS 4 requires accounting practices to establish and maintain quality control. It lists ten (10) elements which must be considered in the quality policy. Refer Appendix A.

APS 5 and the **Quality Control Management in Accounting Practices (QC Manual)** provide further guidance and examples on developing a quality policy incorporating elements of quality control.

AUS 206 contains the same requirements and guidance in relation to a quality policy for an auditing firm.

APS 4 and **AUS 206** require quality policies and procedures to be communicated to all personnel. The **QC Manual** provides guidance on communication.

NIA Pronouncement 4 requires Members to establish and maintain quality assurance. NIA Public Practice Manual provides guidance on the elements to be considered for Public Practice Practitioner Members in conjunction with this Standard for the interpretation of AS/NZS ISO 9001 in relation to the accounting profession.

e.g.

The quality policy may include reference to such matters as:

- The importance of quality and the accounting organization's commitment to delivery of quality service to its clients.
- The image and reputation the accounting organization wants to present.
- The minimum requirements, professional and ethical, to which the accounting organization will adhere.
- The roles and relationships of all personnel in the quality system.

In AS/NZS 3913:1992, *Quality manuals — Guide to preparation*, there are examples of quality policy statements.

An example of a quality objective may be that:

‘By March 1995, 90% of management letters prepared for standard audit engagements will have been issued to clients no more than 20 days after the last day of final audit fieldwork’.



NOTE: The term ‘senior executive’ can include managing partner, senior partner, director, department head, chief executive officer and similar positions.



4.1.2 Organization

4.1.2.1 Responsibility and authority

The responsibility, authority and the interrelation of personnel who manage, perform and verify work affecting quality shall be defined and documented, particularly for personnel who need the organizational freedom and authority to:

- a) initiate action to prevent the occurrence of any nonconformities relating to product, process and quality system;*
- b) identify and record any product, process and quality system problems;*
- c) initiate, recommend or provide solutions through designated channels;*
- d) verify the implementation of solutions; and*
- e) control further processing, delivery or installation of nonconforming product until the deficiency or unsatisfactory condition has been corrected.*



The accounting organization needs to establish the responsibilities and authorities of all personnel whose activities affect the quality of services provided. These responsibilities and authorities should not be confined to professional staff, but should also include ancillary and support staff, as appropriate.



Where any personnel carry out any activity which can affect quality, the accounting organization will need to document the relevant responsibilities and authorities, addressing the requirements of Clause 4.1.2.1 Items a) to e) to the extent that these apply. Broadly, this means that personnel need to know what they should do to:

- identify services that do not meet the defined quality requirements;
- record details of any quality problems for further analysis;
- determine how to solve quality problems and prevent future occurrences;
- check to ensure that problems have, in fact, been fixed; and
- identify opportunities to either improve the quality of the service or improve the efficiency with which the service is delivered.

If position descriptions are used, they should include the following:

- The scope of the work covered by the position.
- The responsibilities of an incumbent in the position covering activities and levels of interaction with the customer.
- The limits of authority associated with the position.

Alternatively, authorities and responsibilities may be described in procedures or work practices. However the responsibilities and authorities are defined, the method must suit the way the accounting organization operates.



APS 4 requires accounting practices to allocate administrative and technical responsibilities and authorities.

Guidance is given in the **QC Manual** (Section 3) on organization charts and the allocation of responsibilities and authorities.

NIA Pronouncement 4 requires members to establish and maintain quality assurance. NIA Public Practice Manual provides guidance on the elements to be considered for Public Practitioner Members in conjunction with this Guide to the interpretation of AS/NZS ISO 9001 for the accounting profession.

STD**4.1.2.2 Resources**

The supplier shall identify resource requirements and provide adequate resources, including the assignment of trained personnel (see 4.18), for management, performance of work and verification activities including internal quality audits.



The accounting organization should establish that it has the human and physical resources needed to carry out its work and to achieve its quality objectives. If necessary, it should make provisions for any resources that are lacking. Management should ensure that, to the extent that it is feasible, the necessary staff, time, resources and money are available for its operations.



The accounting organization should consider the need for training personnel, including developing or maintaining technical competence and proficiency (see Clause 4.18), or updating of facilities in light of technological advances, such as the introduction of email, computer networking with clients, or interstate and international teleconferencing links.

Desired quality standards will seldom be achieved without a formal internal quality audit system of checking that defined procedures are not only in place but are followed. Personnel charged with this internal quality audit responsibility will also need training in the quality audit process and should be independent of the people whose work is being audited (see Clause 4.17).



APS 4 requires that personnel be assigned to engagements to provide reasonable assurance that work will be performed by persons having the degree of technical training and proficiency required in the circumstances. **APS 4** also requires that professional development should provide reasonable assurance that personnel will have the knowledge required to enable them to fulfil the responsibilities assigned.

APS 5 to APS 9 and the **QC Manual** provide guidance on procedures to fulfil the requirements of **APS 4**.

NIA Pronouncement 4 requires members to establish and maintain quality assurance. NIA Public Practice Manual provides guidance on the elements to be considered for Public Practitioner Members in conjunction with this Guide to the interpretation of AS/NZS ISO 9001 for the accounting profession.

STD**4.1.2.3 Management representative**

The supplier's management with executive responsibility shall appoint a member of the supplier's own management who, irrespective of other responsibilities, shall have defined authority for

- a) ensuring that a quality system is established, implemented and maintained in accordance with this International Standard, and*
- b) reporting on the performance of the quality system to the supplier's management for review and as a basis for improvement of the quality system.*

NOTE 5 *The responsibility of a management representative may also include liaison with external parties on matters relating to the supplier's quality system.*



One person in the accounting organization preferably a senior executive, needs to have the overall responsibility and authority for the implementation and maintenance of the quality system.



This person may be described as the quality manager or quality coordinator of the accounting organization. (If that person is not the organization's senior executive, then reporting for the quality function should be directed to the senior executive).

This person may work full-time in the area of quality. Alternatively, in smaller businesses, the quality management function may be an additional responsibility added on to an existing role and responsibilities. In either case, the position needs to have the freedom and authority to carry out the actions described in Clause 4.1.2.1 Items a) to e).

It is important to note that whilst this role is likely filled by someone with a technical accounting background and expertise, administrative functions which affect quality also need to be considered as part of the quality system. While delegation is acceptable (as long as it is defined) overall responsibility for quality rests with this person. This person may also be responsible for any client feedback mechanisms/surveys which may be in place.

A significant requirement of the position is to report on the quality system to management with a view to improvement of the system.

Where the person has other responsibilities besides quality, the freedom referred to above only applies when acting in a quality capacity; responsibilities and authorities for other duties are as defined by the accounting organization.



APS 4 requires responsibility for administrative and technical issues, including quality control, to be allocated to appropriate personnel. The **QC Manual** (Section 3) recommends a principal be designated and authorized to be in charge of quality control.

NIA Pronouncement 4 requires members to establish and maintain quality assurance. NIA Public Practice Manual provides guidance on the elements to be considered for Public Practitioner Members in conjunction with this Guide to the interpretation of AS/NZS ISO 9001 for the accounting profession.

STD

4.1.3 Management review

The supplier's management with executive responsibility shall review the quality system at defined intervals sufficient to ensure its continuing suitability and effectiveness in satisfying the requirements of this International Standard and the supplier's stated quality policy and objectives (see 4.1.1). Records of such reviews shall be maintained (see 4.16).



Management should review the quality system at least once per year to ensure its continuing suitability and effectiveness. More frequent reviews may be required if major changes to the quality management system are taking place or are planned.



In determining whether the quality system is suitable and effective for the accounting organization and what actions need to be taken, the review should consider the following:

- the effectiveness of actions taken since the last management review;
- how the accounting organization is performing against the defined quality objectives and the need to reset those objectives;
- how the client's needs and expectations have been met;
- the results of internal quality audits during the period (see Clause 4.17);
- an analysis of the corrective and preventive actions taken during the period (see Clause 4.14); and
- any client feedback, including complaints, received during the period.

Management should decide how such reviews should be conducted. The review could be either by the accounting organization's management or by a review panel reporting to the management.

The management review could be an integral part of the business or strategic planning process of the organization.

Irrespective of the review method adopted, access may be required to those areas within the accounting organization that are involved in the quality system.

The sole practitioner could set aside a particular period which needs to be separated from the day to day functions, to objectively review the business operations.

Management reviews may identify the need for modifications to the quality system of additional or changed resources.

It is important to note that this review is different from internal quality audits (see Clause 4.17). The results of the internal quality audits form one of the inputs into management review.

Records must be kept of the reviews and should indicate what, if any, actions were considered necessary. The method of keeping records should suit the way the accounting organization operates and need not be elaborate. Options range from formal minutes of meetings to a file note.



APS 4 requires that “a practice should monitor the effectiveness of, and adherence to, its system of quality control by evaluating periodically and on a timely basis its quality control policies and procedures including inspection and review”.

Guidance is given in the **QC Manual** (Section 3) on quality system review and the establishment of a Management Committee.

NIA Pronouncement 4 requires members to establish and maintain quality assurance. NIA Public Practice Manual provides guidance on the elements to be considered for Public Practitioner Members in conjunction with this Guide to the interpretation of AS/NZS ISO 9001 for the accounting profession.

STD

4.2 Quality system

4.2.1 General

The supplier shall establish, document and maintain a quality system as a means of ensuring that product conforms to specified requirements. The supplier shall prepare a quality manual covering the requirements of this International Standard. The quality manual shall include or make reference to the quality system procedures and outline the structure of the documentation used in the quality system.

NOTE 6 Guidance on quality manuals is given in ISO 10013.



The accounting organization needs to ensure that its quality management system is established, adequately documented and maintained.



Documentation is necessary to describe the quality system and show that it is in place. However, the type of documentation adopted should suit each organization's manner of operation. Maximum use should be made of existing procedures, instructions, forms and similar. Additional procedures, instructions or forms should only be introduced if absolutely necessary; a quality system does not have to involve excessive paperwork.

Documentation need not be complex. For some organizations, simple dot point lists or flowcharts may suffice.

Others may adopt a more formal tiered system of documentation where the top tier is the quality manual; the second tier, the quality system procedures (see Clause 4.2.2); and the third tier, work instructions, training documents, contract specific quality plans or other similar type documents.

The number of tiers is usually dependent on the size of the accounting organization. A large organization may find that the three-tier model suits its method of operation, whereas a medium or small organization may find they can operate with two or even one tier of documentation.

The quality manual is the directory of the accounting organization's quality system.

It should at least contain or refer to the following:

- the quality policy of the accounting organization;
- the activities of the accounting organization;
- a description of the quality management system;
- an outline or an index of the system procedures as they have been adopted and implemented by the accounting organization;
- definition of terms as used by the accounting organization;
- the organizational structure, which could be in the form of an organization chart or function descriptions.

The quality manual does not actually need to contain all these but it should indicate where they may be found.



The **QC Manual** (Section 3) provides guidance on documenting quality systems.

STD

4.2.2 Quality system procedures

The supplier shall

- a) *prepare documented procedures consistent with the requirements of this International Standard and the supplier's stated quality policy, and*
- b) *effectively implement the quality system and its documented procedures.*

For the purposes of this International Standard, the range and detail of the procedures that form part of the quality system shall be dependent upon the complexity of the work, the methods used, and the skills and training needed by personnel involved in carrying out the activity.

NOTE 7 *Documented procedures may make reference to work instructions that define how an activity is performed.*



The accounting organization needs documented procedures to show that the quality system has been implemented. Additional procedures may be required for accounting or administrative operations.



Procedures should address those activities critical to the maintenance of quality, describing by whom, with what, when, where and why an activity is carried out.

A procedure should not only identify personnel involved but also the documentation which it generates and any reference documents which are needed in its implementation. Such reference documentation does not have to be repeated in the procedure but simply identified.

In establishing a quality system, an accounting organization should follow the steps outlined in the Standard under Items (a) and (b).



The **QC Manual** (Sections 2 & 3) includes examples of procedures which form part of a quality system.

e.g. While procedures need to describe what is to be done, it is not necessary to detail those activities normally covered by a person's competencies.

For example, a procedure might require a treasury clerk to carry out a bank reconciliation by the second working day of each month. However it would not be necessary to tell a trained clerk how to do a bank reconciliation.

However procedures and instructions can be useful to cover the situations of trained key personnel who are away.

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4.2.3 Quality planning

The supplier shall define and document how the requirements for quality will be met. Quality planning shall be consistent with all other requirements of a supplier's quality system and shall be documented in a format to suit the supplier's method of operation.

The supplier shall give consideration to the following activities, as appropriate, in meeting the specified requirements for products, projects or contracts:

- a) the preparation of quality plans;*
- b) the identification and acquisition of any controls, processes, equipment (including inspection and test equipment), fixtures, resources and skills that may be needed to achieve the required quality;*
- c) ensuring the compatibility of the design, the production process, installation, servicing, inspection and test procedures and the applicable documentation;*
- d) the updating, as necessary, of quality control, inspection and testing techniques, including the development of new instrumentation;*
- e) the identification of any measurement requirement involving capability that exceeds the known state of the art, in sufficient time for the needed capability to be developed;*
- f) the identification of suitable verification at appropriate stages in the realization of product;*
- g) the clarification of standards of acceptability for all features and requirements, including those which contain a subjective element;*
- h) the identification and preparation of quality records (see 4.16).*

NOTE 8 The quality plans referred to [see 4.2.3a)] may be in the form of a reference to the appropriate documented procedures that form an integral part of the supplier's quality system.



The accounting organization needs to decide and document how it will meet its quality objectives. The implementation may vary depending on the nature of service to be provided.



A quality plan sets out all the activities an accounting organization will need to consider in implementing its services or, if relevant, where a new line of work or a new project is undertaken (for example, opening a new branch office). Quality planning can apply to either the quality system or projects or both.

The method of quality planning adopted should be tailored to the accounting organization operations. For example, the organization may formulate a series of standard quality plans for regular and routine operations. These may be formal plans or may form part of detailed operating procedures. Quality plans could be sufficiently broad to accommodate the variations of scope normally encountered. For specific projects, a separate quality plan may be appropriate.