



Assessing the quality
and effectiveness of
the external audit
– supplementary
questionnaire

For completion by
management and the auditor



EY

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The electronic version of this file is editable. It allows users to:

- ▶ Choose the responses
- ▶ Highlight text
- ▶ Write notes
- ▶ Add comments
- ▶ Strike out questions and add new ones

This allows users to customise the questionnaire to reflect the particular circumstances of the company and its audit as well as annotate actions and/or report on progress.



Foreword

This document is an optional supplement to EY's toolkit for audit committees *'Assessing the quality and effectiveness of the external audit'* updated in 2020.

For full context, we recommend that this document is read in conjunction with the main toolkit for audit committees, which is available for download [here](#).

Purpose of this document

While it is important that audit committees have an independent point of view on audit quality, they may consider it necessary for their assessment to be informed by input from executive management. Similarly, an audit is influenced by the quality and effectiveness of the reporting function, the reporting processes that management have put in place and the audit committee's input and interventions. Hence the audit committee may also want to ask for the auditor's views.

To aid the collation of this feedback, this document includes two questionnaires that can be completed by management and auditor should the audit committee wish to include

their respective views as part of their overall assessment of audit quality. We believe that if used together with the main toolkit, audit committees will be able to conduct a holistic assessment of the quality of an audit.

Notes for use

Timing

In order to ensure that the audit committee can make timely interventions, the questionnaire for management can be completed as the audit progresses. It is therefore structured along the key phases of the audit. The questionnaire for the auditor is best completed as soon as possible after the audit is completed.

Completing the questionnaires

We have designed simple questions to address the key considerations relevant to a high-quality audit. The questionnaires can be edited to add questions that are relevant to the specific circumstances of a company or its audit.

We have included note-taking space, to help capture qualitative observations in key areas. This should help with the feedback process and with the disclosures to be included in the annual report and accounts.

1. Management questionnaire



A. Audit planning and strategy

A1. Team structure and leadership demonstrated by the audit partner	Yes	Mostly	No	N/A
Was there sufficient team continuity from the prior year?	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Did the team have the necessary understanding of the company's business and industry?	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Did the team demonstrate accounting and auditing expertise?	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
In light of the complexity of the current year's audit, did the senior audit team members commit an appropriate amount of time to supervise the team, meet directly with management and be involved in high risk areas?	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>

Observations

A2. A tailored audit	Yes	Mostly	No	N/A
Did the audit team interact with management appropriately to obtain an/update their understanding of the changes to the business?	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Did the audit team engage early regarding changes to accounting/auditing standards and other regulations and the impact these will have on the audit?	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Did the basis of materiality adequately consider any one-off/non-recurring material items?	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Were changes made to the composition of the audit team (including specialists) to reflect changes to the business?	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Did the auditor explain how any feedback from regulatory reviews has been incorporated into the audit plan?	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>

Observations

A. Audit planning and strategy

A3. Globally integrated audit approach	Yes	Mostly	No	N/A
Did the audit team identify and discuss changes to the risk profiles of the component locations?	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Did the audit team identify and discuss changes to the relative significance of the component locations in the context of the group's overall results?	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>

Observations

A4. Sources of assurance	Yes	Mostly	No	N/A
Did the audit team interact with functions such as internal audit, risk, compliance, legal, as part of their audit planning?	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Did the audit team gain an understanding of changes to processes and controls as part of their audit planning?	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Was the extent to which technology was used to enhance audit delivery, appropriate?	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Did the audit team make use of data analysis to test entire populations?	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Did the audit team engage on data extraction protocols as part of their audit planning?	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Did the audit approach reflect innovative thinking?	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>

Observations



B. Audit execution and conclusion

B1. Robust challenge and professional scepticism	Yes	Mostly	No	N/A
Did the auditor demonstrate professional integrity and objectivity?	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Did the audit team interact with functions outside finance?	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Did the audit team conduct visits of operations, shared service centres etc.?	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Do you feel you were constructively challenged by the audit team?	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Was the level of audit partner and senior team member engagement in the audit process and audit decisions appropriate and timely?	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Were changes made to the audit team in response to developments since planning (e.g., team strengthened to deal with a major corporate transaction)?	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Was the audit team adequately resourced?	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Were any handovers from key team members no longer involved in the audit appropriately handled?	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>

Observations

B2. Technical excellence	Yes	Mostly	No	N/A
Was technical excellence visible within the team and was it appropriately demonstrated?	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Did the resolution of issues and finalisation of work indicate that timely review of audit work, especially in areas of higher risk, was occurring?	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
If there were any significant differences in views between you and the external auditor, were they dealt with professionally and in a robust manner?	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
If the company's annual report has been subject to a review by the regulator, did their observations/findings highlight matters that the auditor had failed to identify in the prior year(s)?	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>

Observations

B. Audit execution and conclusion

B3. Group audit execution	Yes	Mostly	No	N/A
Did the primary team demonstrate a strong understanding of material issues at the component level and their resolution?	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Did the primary team inform you on a timely basis of any issues identified at component locations that had the potential to become material to the group audit?	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Was a consistent global audit methodology applied for a multi-location audit?	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Was local management feedback on site visits by the primary team positive?	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Was local management feedback on the performance of the local audit team positive?	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>

Observations

B4. Communication and audit reporting	Yes	Mostly	No	N/A
Did the auditor communicate identified or potential issues in a timely manner to allow you to resolve them appropriately?	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Did the audit team make effective use of issue trackers/dashboards, client assistance schedules, interim and 'early warning' reports?	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
If the company's annual report was subject to review by the regulator, did the auditor provide you with appropriate support during this process e.g., in reviewing the company's draft response?	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>

Observations

B. Audit execution and conclusion

B5. Efficiency and project management	Yes	Mostly	No	N/A
Was the quality and timeliness of information requests from the auditor to management appropriate?	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Was the extent of procedures carried out before the end of the reporting period appropriate?	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
For a newly tendered audit, is there evidence that the winning firm had proposed a fee that is sustainable over the medium to long term?	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
If an over-run fee was requested in respect of the prior year audit, was it appropriately explained and was it reflective of scope changes or events that could not have been factored into the audit plan?	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Are you satisfied that there was no undue pressure on audit resources, the timing of work or overall approach that would have the potential to jeopardise audit quality?	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>

Observations



C. Insights

C1. Insights from the audit	Yes	Mostly	No	N/A
Has the audit team provided insight and points of view on a forward-looking basis e.g., on how strategic decisions of the company, changes in the company's environment, and developments in accounting and regulatory standards may affect future reporting?	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Have you been provided with updates and insights to allow you to operate effectively in a changing environment?	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Were updates from the auditor tailored, specific and relevant to the company and its circumstances rather than generic or boilerplate?	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Did the insights include:				
Accounting technical matters and updates	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Control environment observations and benchmarking	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Report process observations and benchmarking	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Narrative reporting trends and good practice	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Corporate governance developments	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Regulatory updates including independence	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
If limited reliance was placed on the control environment, was the rationale clearly explained together with improvement observations?	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Did the audit team share insights from their use of data analysis?	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>

Insights from the audit continued	Yes	Mostly	No	N/A
Did the auditor discuss how the company's accounting policies, processes and disclosures compare with industry trends and leading practices?	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Is the audit team proactive in seeking feedback about the quality of the audit and do they seek feedback in a manner that distinguishes the quality of service from the quality of the audit?	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Has the audit team acted on feedback received in previous years?	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>

Observations

2. Auditor questionnaire



A. The role of management

A1. Management	Yes	Mostly	No	N/A
Were key management personnel available to the auditor when needed and responsive to their requests?	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Was information requested by the auditor prepared on a timely basis?	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Was information requested by the auditor complete and accurate?	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Was information requested by the auditor reviewed by appropriate levels in management to ensure it is technically accurate and of a good quality prior to being provided to the auditor?	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Were management's papers on key judgements, estimates and uncertainties researched and written well i.e., did they:				
Clearly articulate the issue?	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Refer to applicable technical standards and requirements?	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Articulate alternatives considered by management?	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Include a final conclusion/recommendation and a rationale for it?	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Has management been proactive in preparing for changes arising from new accounting standards, governance requirements and other regulations?	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Has management been proactive in seeking early input from the auditor e.g., on complex, unusual or sensitive transactions and areas of reporting change?	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>

Management continued	Yes	Mostly	No	N/A
Does the company's reporting timetable allow sufficient time for robust quality control and review processes to be applied by both management and the auditor?	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Did the audit team identify audit adjustments and control deficiencies?	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Do the right culture and incentives exist within the company to focus on the quality and timeliness of reporting and to facilitate the external audit process?	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Did management demonstrate a commitment to high quality external reporting?	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Did management act on the auditor's recommendations and feedback from prior year e.g., relating to the corporate reporting processes and controls?	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>

Observations

B. The role of the audit committee

B1. Audit committee	Yes	Mostly	No	N/A
Did the audit committee (independently from the auditor) make its own assessment of the factors that could affect audit quality and communicate expectations for the next year to the auditor?	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Has the audit committee been proactive in seeking external inputs from investors and other stakeholders to inform the audit committee's consideration of audit quality and effectiveness?	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Where needed, has the audit committee been proactive in engaging with the regulator e.g., the FRC's Audit Quality Review Team to discuss the company's external audit inspection report or broader thematic reviews and their impact on the audit of the company?	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Where there was evidence that there are issues relating to the company's own processes, information or controls (i.e., outside the auditor's control), did the audit committee address these with management?	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Did the audit committee monitor management's responsiveness to the auditor's feedback on areas for improvement in information, processes and controls?	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Did the audit committee support the auditor in appropriately challenging management especially where the auditor has raised concerns?	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Did the audit committee exercise oversight with respect to the quality and timeliness of information, records and analyses produced by management to support the external audit process especially in areas of significant risk?	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>

Audit committee continued	Yes	Mostly	No	N/A
Did the audit committee use its expertise and experience to review and challenge management on the significant reporting judgements?	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Did the audit committee consider how its work in relation to internal audit can help facilitate a high-quality external audit? E.g., monitoring progress by holding internal audit accountable for improvements in the entity's control environment could contribute to the quality and effectiveness of the external audit.	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Where considered necessary, has the audit committee sought independent external advice beyond that provided by management or the auditor?	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Did the audit committee probe and challenge the audit team where it needs further explanations, where it identifies apparent inconsistencies with its own knowledge, or where the communications provided are not clear?	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Where there are differences between the significant issues reported in the audit committee's report and the risk areas identified in the auditor's report, is the audit committee able to articulate why these exist?	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>

B. The role of the audit committee

Audit committee continued	Yes	Mostly	No	N/A
Did the audit committee influence changes in the audit process to enhance audit quality (e.g., requesting more work on a high-risk area and meeting with the audit regulator to discuss matters of audit quality)?	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Has the audit committee considered how it distinguishes between audit quality (including how effective the audit was at identifying and addressing matters that could compromise the quality of the company's reporting) versus the quality of service?	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>

Observations



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