

Quality Review Service: Terms of Business

These terms and conditions set out the basis on which Apex Professional Consulting Ltd ('Apex' / 'we') will act as external consultants to your firm.

Scope of our review work

The scope of the services for each review engagement are set out in a confirmation letter, which we will issue prior to the engagement.

⚠ If your review has been requested by your regulator, you must advise us of this and supply copies of all relevant correspondence, documents and reports relating to this request prior to the review.

File review grades

In common with other independent reviewers, we award a grade to a cold file review (but do not do so for hot reviews). Our 'traffic light' grading structure is as follows:

Good	No significant weaknesses were identified. <ul style="list-style-type: none">• The audit approach applied is ISA-compliant in all material respects such that the work performed applied the necessary risk-based ISA methodology and addressed the key risk areas identified at the planning stage.• Audit evidence including file completion was in general well recorded, although there may be some minor areas in which evidence could be improved or which could be documented more fully or clearly.• No significant problems found with the financial statement accounting treatments or disclosures.
Some Improvement Needed	A number of weaknesses and deficiencies were noted, and some improvement is required. <p>For example:</p> <ul style="list-style-type: none">• More frequent weaknesses concerning the application of a risk-based, ISA-compliant audit methodology were observed.• Certain evidence or completion areas were poorly addressed or recorded, although this did not lead the reviewer to significantly doubt the appropriateness of the audit report.• Significant weaknesses with financial statement disclosure or presentation, but where the recognition and measurement requirements have been properly applied. <p>The firm should consider taking action to rectify these weaknesses in future audits for this client and may wish to perform root cause analysis (including undertaking further reviews) to identify common issues.</p>

Revised March 2023

Significant Improvement Needed

A poor or defective audit, requiring significant improvement. For example:

- A single critical issue (e.g. a failure to apply an ISA-compliant approach, a lack of evidence for a key assertion or a serious error in the financial statements).
- Pervasive weaknesses in audit work or documentation.
- Significant independence or other appointment issues.
- The audit report wording is incorrect.

The firm must take urgent action to rectify these weaknesses in future audits for this client and is encouraged to perform root cause analysis (including undertaking further reviews) to identify common issues.

Fees

Before commencing the reviews, we will establish with you the level of work required and will quote fees accordingly plus expenses (if appropriate) within our confirmation letter(s). All our invoices will be submitted on or after the date of the review and will be due for payment within 30 days.

Confidentiality and data protection

All information obtained during the reviews will be treated as strictly private and confidential. Furthermore, we shall not retain details of individual files reviewed which form the basis of our report. Our findings should not be disclosed to any third party apart from audit regulation compliance officers without our prior written consent.

We may, on occasion, subcontract quality review work to other professionals. Such subcontractors will be bound by our client confidentiality terms as if employees, and your data will remain on our systems.

As part of our ongoing commitment to provide a quality service, our files are periodically reviewed by an independent regulatory or quality control body. These reviewers are highly experienced professionals and are bound by the same rules of confidentiality as our principals.

For information on our Data Protection policies please refer to our [Privacy Notice](#).

Electronic communication

Internet communications are capable of data corruption and therefore we do not accept any responsibility for changes made to such communications after their dispatch. We do not accept responsibility for any errors or problems that may arise using internet communication and all risks connected with sending commercially sensitive information relating to your business are borne by you. If you do not agree to accept this risk, you should notify us in writing that e-mail is not an acceptable means of communication. It is the responsibility of the recipient to carry out a virus check on any attachments received.

Beneficial ownership

As you are aware, under the Money Laundering Regulations we are required to maintain information about your firm, its principals and any beneficial owners. Whilst we can confirm most of the information from the appropriate professional body's directory, this does not necessarily provide us with all the information we require. Therefore, when requested, please complete and return our forms with the necessary information in order that we can carry out your review(s).

Notice of cancellation

If you wish to cancel the review date, 10 working days' notice must be given in writing. When shorter notice is given, we reserve the right to charge 50% of the agreed fee.

Applicable law

Our standard terms and conditions of business are governed by and should be construed in accordance with, English law. Each party agrees that the courts of England will have exclusive jurisdiction in relation to any claim, dispute or difference concerning this engagement letter and any matter arising from it on any basis. Each party irrevocably waives any right to object to any action being brought in those courts, to claim that the action has been brought in an inappropriate forum, or to claim that those courts do not have jurisdiction.

Professional rules

Apex is a member firm of the Institute of Chartered Accountants in England and Wales ('ICAEW'). We will observe and act in accordance with the Byelaws, regulations and Code of Ethics of ICAEW and will accept instructions to act for you on this basis. We will not be liable for any loss, damage or cost arising from our compliance with statutory or regulatory obligations. The requirements are available online at www.icaew.com/en/membership/regulations-standards-and-guidance.

Professional indemnity insurance (PII)

Our PII insurer is AXA, of 20 Gracechurch Street, London EC3V 0BG. The territorial coverage is worldwide, excluding professional business carried out from an office in the United States of America or Canada, and excludes any action for a claim brought in any court in the United States or Canada.

Best service

If there are any aspects of our service where you have experienced difficulties or there are matters that you consider that we should deal with, please contact **Julie Bowles**.