

# **Overview of the Results of Quality Control Review for the Year Ended March 31, 2005**

July 5, 2005

Japanese Institute of Certified Public Accountants

## **1. Objective of Quality Control Review**

Quality control review performed by the Japanese Institute of Certified Public Accountants ("JICPA") was introduced as a self-regulatory system in 1999. The Certified Public Accountants Law ("CPA Law"), which was amended in 2003, requires the JICPA to conduct this quality control review, and at the same time requires the Certified Public Accountants and Auditing Oversight Board ("CPA AOB") to monitor this quality control review.

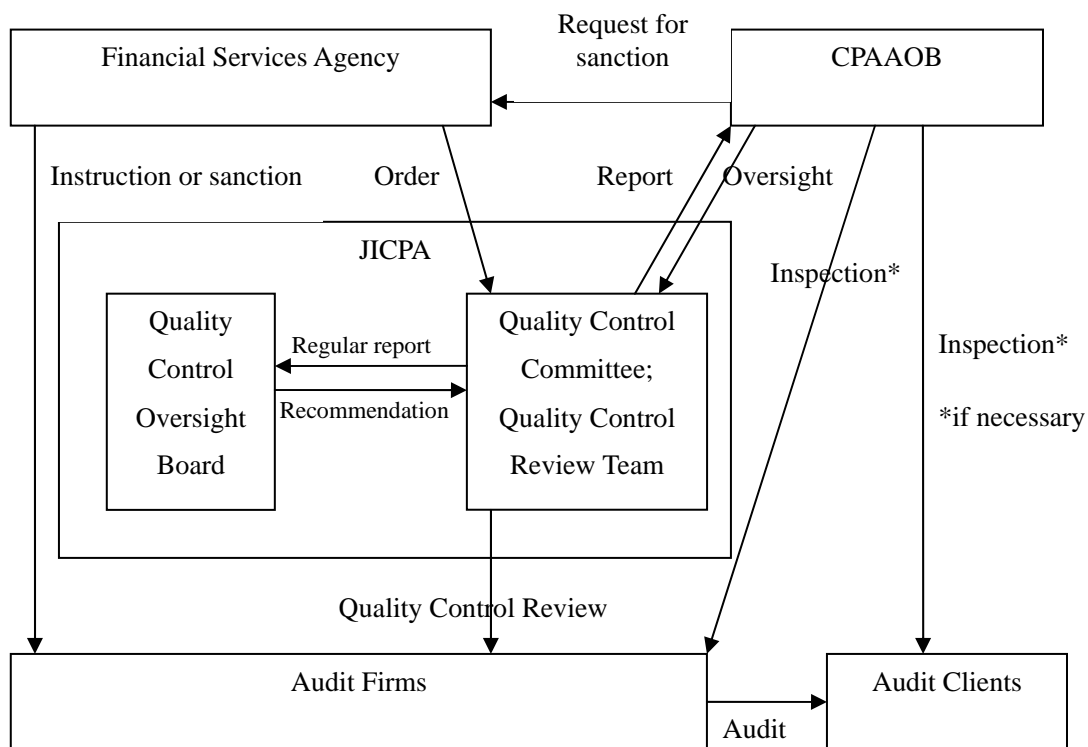
Article 87 of the JICPA Constitution states as follows:

"The JICPA, taking into consideration the purpose of Article 46-9-2 of the CPA Law and the public interest in audits, from the fundamental perspective that quality control review plays a leading and educational role in audits, will conduct quality control reviews of audits performed by certified public accountants or audit corporations ("audit firms"), notify them of the review results, make recommendations as necessary, and receive reports on corrective actions taken with regard to those recommendations, in order to maintain and improve an appropriate level of quality of members' audits, which lead to maintaining and ensuring public confidence in audits."

As described above, rather than detecting noncompliance or imposing disciplinary actions, quality control review intends to maintain and improve audit quality as a result of independent reviews by full-time reviewers and not by the individuals involved in the audit engagement subject to the review, because the quality control review system encompasses such procedures as making recommendations, receipt of responses from audit firms regarding corrective actions to be taken in response to those recommendations, and the receipt of reports from audit firms concerning implementation of actions as a result of reviews conducted by an independent, full-time reviewer.

## **2. Relationship between the Structure of Quality Control Review for the Year Ended March 31, 2005 and Monitoring by the CPA AOB**

The following chart illustrates the structure of quality control review for the year ended March 31, 2005 and monitoring by the CPA AOB:



Notes:

1. The Quality Control Committee consists of the Chairman and President and 16 committee members.
2. The Quality Control Review Team consisted of nine reviewers as of March 31, 2005. The total number of days spent on reviews conducted for the year ended March 31, 2005 was 1,125 days.
3. The Quality Control Oversight Board is a third-party body composed of academics and other areas. The Board examines and evaluates whether quality control review is conducted appropriately, then makes recommendations to the Quality Control Committee.

### 3. Overview of Quality Control Reviews Conducted for the Year Ended March 31, 2005

The following table indicates the number of audit firms which were subject to quality control reviews conducted for the year from April 1, 2004 to March 31, 2005 and to which quality control review reports and recommendation reports for improvement were issued.

	Number of quality control reviews conducted for the year		Number of quality control review reports and recommendation reports			
	Planned	Actual	Brought forward	Quality control review reports issued for the year	Recommendation reports for the year	Carried forward
Audit corporations	40	38	1	35	35	4
CPAs	63	56	0	51	48	5
Total	103	94	1	86	83	9

Notes:

1. For the year ended March 31, 2005, audit firms which perform audits of listed entities were subject to quality control review. For the year beginning April 1, 2004, the scope of quality control review was extended to audit firms which perform audits of entities stated in Article 87, Paragraph 3 of the Constitution, that is, certain large companies and other entities stipulated in the amended CPA Law. Therefore, the number of audit firms subject to quality control review will significantly increase next year and thereafter.
2. The reasons for differences between planned and actual numbers of audited firms are as follows:
  - One increase because it was discovered that a listed entity was jointly audited.
  - Ten decreases mainly due to delisting of audit clients.
3. There is a difference between the number of quality control review reports and recommendation reports because there were no recommendations issued to three CPAs.
4. As for the three joint CPA firms that satisfy all the requirements stated in Paragraph 355 of the Procedures of Quality Control Review, those firms themselves were deemed subject to quality control review and the reviews of those firms were actually conducted and completed. The number of quality control review reports issued for the year reflects the number of individual CPAs associated

with those firms, and not the number of firms involved.

5. Nine audit firm reviews were carried forward to the following year and continued to be examined by the Quality Control Committee.

#### **4. Focuses for This Period**

Taking into consideration the results of quality control review of the previous year, we established the following items to focus upon for quality control review this year.

##### 4-1. Risk-based approach

There were as many findings as before with regard to documentation policies and procedures of audit planning with a risk-based approach as in the results of quality control review during the prior period.

Whether audits are properly performed based on the risk-based approach is carefully examined using Audit Committee Research Report No. 15, "Checklist of Inherent Risks in Relation to Management Environment," and Report No. 16, "Assessment Techniques of Control Risks" published in November 2004.

##### 4-2. Appropriateness of auditing procedures for accounting estimates

There were as many findings from quality control review for the year ended March 31, 2004 with respect to auditing procedures of accounting estimates as in the results of quality control review for the year ended March 31, 2003.

Materials regarding accounting estimates were added to profiles of audit engagements. We carefully inspect these materials and contents as described in related work papers as well as whether audit teams subject to quality control review examine the appropriateness of accounting treatment and valuation of estimates made by audit clients in compliance with Auditing Standards Committee Statement No. 13, "Audit of Accounting Estimates," and whether auditors document their audit processes and conclusions in the work papers.

##### 4-3. Follow-up of recommendations

Appropriate advice is provided regarding insufficient matters for the improvement of audit firms, so that audit firms implement adequate corrective action. Reviewers visit, as necessary, audit firms when improvement is deemed insufficient based on the firm's reports of implementing quality controls, which are required by Article 3-2 of the regulations of the

Quality Control Committee. Audit firms are also required to implement appropriate corrective action immediately.

As a result of quality control review in the current period, recommendations on the risk-based approach and the appropriateness of audit procedures for accounting estimates were made to 77 and 54 audit firms, respectively.

With respect to the follow-up actions of recommendations, verification of whether audit firms take proper corrective action according to the recommendations of a previous quality control review was also examined in the course of the current quality control reviews. As a result, audit firms whose improvement is deemed insufficient are encouraged to improve immediately by emphasizing in the recommendation report that certain recommendations are being repeated, not merely indicating the same matter in the same way as the previous report. Analyses of reports required by Article 3-2 of the regulations of the Quality Control Committee are illustrated below in Item 10, *Overview of Reports on Implementation of Quality Controls*.

#### **5. Significant Issues Identified in Quality Control Reviews**

Quality control reports for which a qualified conclusion was expressed were issued to 31 audit firms in the current period. Matters subject to such a conclusion include the risk-based approach (23 audit firms), engagement quality control review to express an audit opinion (11 audit firms), and audit procedures for accounting estimates (5 audit firms).<sup>1</sup>

An adverse conclusion or a disclaimer of conclusion was not expressed for the current-period quality control reviews, as was also the case in the prior period. Based on Chapter 4, Paragraph 1 of the Quality Control Review Standards, there was also nothing to be reported by the Quality Control Committee to the Chairman and President of the JICPA which corresponded to the case stipulated in Article 88, Paragraph 3 of the Constitution, specifically, a case that "causes substantial doubt about the appropriateness of the audit opinion expressed by a CPA or an audit corporation as a result of the quality control review."

#### **6. Prior-Period Recommendations from the Quality Control Oversight Board**

The Quality Control Oversight Board recommended as follows in a report dated June 30, 2004 entitled "Recommendations for Activities of the Quality Control Committee for the Year Ended March 31, 2004":

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<sup>1</sup> Please refer to Item 9, *Overview of Recommendation Reports Issued for the Current Period*

#### 6-1. Risk-based approach (summary)

The JICPA and auditors are recommended to make further efforts to improve audit work based on the risk-based approach, as it is the essential aspect of an audit.

#### 6-2. Appropriate responses to the amended CPA Law

The JICPA is recommended to make quality control review more effective by appropriately implementing a new system of quality control review, implemented in accordance with the amended CPA Law.

#### 6-3. Development of follow-up system for the results of quality control review

A follow-up system for the results of quality control review has been developed in response to the amendments of the Constitution and the regulations of the Quality Control Committee. Through the proper implementation of this system, the JICPA is recommended to make follow-up more effective.

### **7. JICPA's Responses to the Recommendations of the Quality Control Oversight Board**

The Quality Control Committee and other related committees of the JICPA have responded to the above recommendations of the Quality Control Oversight Board as follows:

#### 7-1. Risk-based approach

In response to the amendment of auditing standards by the Business Accounting Council ("BAC"), the Auditing Standards Committee has revised or developed related Auditing Standards Committee statements. In the current period, the Auditing Standards Committee issued the following six statements in order to respond to the fast-paced changes in both domestic and international audit environments with reference to the development of International Standards on Auditing ("ISA").

- Audit Planning (Auditing Standards Committee Statement No. 27)
- Audit Risk (Auditing Standards Committee Statement No. 28)
- Understanding the Entity and Its Environment and Assessing the Risks of Material Misstatement (Auditing Standards Committee Statement No. 29)
- The Auditor's Procedures in Response to Assessed Risks (Auditing Standards Committee Statement No. 30)
- Audit Evidence (Auditing Standards Committee Statement No. 31)
- Audit Risk and Materiality – Revised (Auditing Standards Committee Statement No. 5)

The above six statements will become effective for fiscal years beginning April 1, 2006, but earlier adoption is permitted. After these statements become effective, the following Auditing

Standards Committee statements will be superseded: No. 6, "Audit Planning"; No. 20, "Evaluation of Control Risk"; No. 21, "Sufficient and Appropriate Audit Evidence"; and No. 23, "Understanding an Entity's Business and Its Internal and External Environment."

The Information Technology (IT) Committee issued IT Committee Research Report No. 28, "Q&A Evaluation of Control Risk Related to Information Systems Using IT in the Audit of Financial Statements." Furthermore, the IT Committee held a four-day seminar (32 hours) in December 2004, so that trainees could obtain IT knowledge. The purpose of this seminar was to provide better understanding and practical implementations of IT Committee Statement No. 1, "Evaluation of Control Risk Related to Information Systems Using IT in the Audit of Financial Statements" which became effective for fiscal years beginning on or after April 1, 2004.

The JICPA published a booklet "The Practice of Audits using a Risk-Based Approach" on May 15, 2005 to contribute to a better understanding of audit practice guidelines.

#### 7-2. Responses appropriate to the amended CPA Law

- Amended the Quality Control Review Standards and related pronouncements;
- Published the release of "Improvement of Quality Control of Audits" under the byline of the Chairperson of the Quality Control Committee on September 7, 2004 and requested appropriate responses to enhance auditor's independence;
- Issued Ethics Committee Research Report No. 1, "Checklist for Auditor's Independence" on March 10, 2005 to be used as a reference by audit firms, auditors, and others subject to rules of independence for developing policies and procedures to maintain independence, as quality control procedures within audit firms;
- Published "Responses of Quality Control Review and Other Measures to Ensure the Confidence in the Disclosure System" under the byline of the Chairman and President on December 20, 2004 in order to clarify specific responses related to quality control reviews in response to the matters requested of the JICPA included in "Measures for Ensuring Confidence in the Disclosure System" issued by the Financial Services Agency on November 16, 2004.

#### 7-3. Development of follow-up system for the results of quality control review

Based on newly established Article 3-2 of the regulations of the Quality Control Committee, "V. Report of Quality Control Implementation" was added to the Procedures of Quality Control Reviews. Audit firms are required to report the implemented improvements of items described

in its previous quality control review recommendation report, including implementation of corrective actions.

Analyses of "Reports of Quality Control Implementation" were made from February to March, 2005. Reviewers visited audit firms as necessary when improvement was deemed insufficient based on their reports of quality control implementation to confirm that the necessary improvements were in progress, and required the audit firms to implement appropriate corrective action immediately.<sup>2</sup>

The JICPA believes that the measures described above will serve to maintain and improve the quality of audit work.

## **8. Responses to the CPAAOB**

The CPAAOB's monitoring of quality control reviews conducted by the JICPA started as of April 2004. The Quality Control Committee and related committees of the JICPA responded to this monitoring as follows:

- 8-1. Determined an administrator responsible for preparation of reports to the CPAAOB;
- 8-2. Submitted monthly reports to the CPAAOB from April 2004 through March 2005 pursuant to the Cabinet Office ordinance related to the JICPA. The monthly reports were accompanied by copies of quality control review reports, recommendation reports, and responses from members for each month.
- 8-3. Submitted review working papers which the CPAAOB considers necessary and replied to inquiries from the CPAAOB;
- 8-4. Conducted limited reviews of two audit firms at the request of the CPAAOB in addition to the quality control reviews described in Item 3, "Overview of Quality Control Review Conducted for the Year Ended March 31, 2005";
- 8-5. Submitted minutes of the Quality Control Committee meetings, quality control review reports, recommendation reports, a sample of copies of work papers prepared by the Quality Control Committee (proper names on the work papers were deleted) in past years at the request of the CPAAOB, and responded to inquiries from the CPAAOB;
- 8-6. In response to "Proposal for Further Improvements to Quality Control Review – Assessment of and Recommendations Pertaining to the Quality Control Review System of the Japanese Institute of Certified Public Accountants" published on February 8, 2005 by the CPAAOB based on documents submitted and responses made as described in Item 8-5, the JICPA issued on February 17, 2005, "Responses to the Certified Public Accountants

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<sup>2</sup> Please refer to Item 10, *Overview of Reports on Implementation of Quality Controls*

and Auditing Oversight Board's Report entitled, '*Proposal for Further Improvements to Quality Control Review - Assessment of and Recommendations Pertaining to the Quality Control Review System of the Japanese Institute of Certified Public Accountants.*'" In this report, the JICPA stated that, as a self-regulatory body, the JICPA would seriously consider the CPAAOB's assessments and recommendations, would plan to actively further improve the quality control review system, and clarified specific measures to be taken.

8-7. Was inspected by the CPAAOB from March 23 to 25, 2005 and received notification of the inspection results on May 25, 2005;

8-8. Held five meetings "to improve quality control in an audit firm – challenges under the monitoring system of the CPAAOB" in March 2005, and encouraged the improvement of quality control of audits in audit firms, including those who became subject to a quality control review beginning this year.

## 9. Overview of Recommendation Reports Issued for the Current Period

The number of recommendations by item and content for the current period are as follows:

### 9-1. Number of recommendations by item

(Number of audit firms)

	Audit corporations	CPAs	Total
Audit engagements			
Risk-based approach	34 (14)	43 (9)	77 (23)
Audit of accounting estimates	25 (1)	29 (4)	54 (5)
Development of audit manuals	11	3	14
Development of audit procedure documents	15	13	28
Development and maintenance of audit work papers	25	38	63
Preparation of summary of audit findings	3	6	9
External confirmations	21	29	50
Other			
Engagement quality control review for expressing an audit opinion	17 (7)	26 (4)	43 (11)

	Audit corporations	CPAs	Total
Confirmation of independence	17	12	29
Consideration of continuance of an audit engagement	8	2	10
Monitoring of implementation of quality control	24	8	32
Number of quality control review reports	35	51	86

Notes:

1. The figures in parenthesis in the table indicate the number of qualified items in the quality control review reports.
2. The table indicates that qualified conclusions were expressed to 27% (23/86) of audit firms on a risk-based approach. This does not indicate that 27% of audit engagements received qualified conclusions, but rather that the audit firms themselves received qualified conclusions regarding their quality control review.

#### 9-2. Major items of recommendation

Details of the risk-based approach, audits of accounting estimates, and engagement quality control review for expressing an audit opinion are illustrated as follows:

- Risk-based approach

The number of recommendations on this matter remained at a level as high as in the prior year. However, the number of qualified items in the quality control review report significantly decreased to 23, down from 61 in the prior year.

(Number of audit firms)

	Audit corporations	CPAs	Total
Setting criteria for materiality	18 (10)	6 (2)	24 (12)
Assessing inherent risks	15 (11)	16 (9)	31 (20)
Assessing preliminary control risks	21 (14)	12 (9)	33 (23)

	Audit corporations	CPAs	Total
Planning and performing tests of controls	31 (14)	38 (9)	69 (23)
Determining substantive procedures	29 (14)	38 (9)	67 (23)

Notes:

1. The figures in parenthesis in the table indicate the number of qualified items in the quality control review reports.
2. As there are multiple recommendations to individual audit firms, the total recommendations may not correspond to the number of recommendations indicated in the above table at Item 9-1, *Number of recommendations by item*.

- Audit of accounting estimates

The balance sheet item, "allowance for retirement benefits" includes necessary audit procedures such as external confirmations in order to examine the appropriateness of basic data used in the accounting estimate.

(Number of audit firms)

	Audit corporations	CPAs	Total
Deferred tax assets	7 (0)	21 (2)	28 (2)
Allowance for retirement benefits	19	25	44
Allowance for doubtful accounts	2	2	4
Investments in affiliates or unlisted entities	6 (1)	0 (0)	6 (1)
Other	2 (0)	6 (2)	8 (2)

Notes:

1. The figures in parenthesis in the table indicate the number of qualified items in the quality control review reports.
2. As there are multiple recommendations to individual audit firms, the total recommendations may not correspond to the number of recommendations indicated in the above table at Item 9-1, *Number of recommendations by item*.

- Engagement quality control review for expressing an audit opinion

The item "Lack of adequate items to be reviewed" includes many cases where a set of engagement quality control review documents did not include financial statements subject to audit or a summary of audit findings. The item "Inadequate engagement quality control review records" includes a number of cases where the conclusion of the engagement quality control review was not clearly documented.

(Number of audit firms)

	Audit corporations	CPAs	Total
Lack of an adequate engagement quality control review system	2 (2)	2 (2)	4 (4)
Lack of engagement quality control reviews of semi-annual audits	1 (1)	2 (2)	3 (3)
Lack of engagement quality control reviews of audits under the Commercial Code	2 (2)	0 (0)	2 (2)
Lack of adequate items to be reviewed	11	20	31
Inadequate engagement quality control review records	6	4	10
Reviews after an audit opinion was expressed	2 (2)	2 (2)	4 (4)
Other	2	0	2

Notes:

1. The figures in parenthesis in the table indicate the number of qualified items in the quality control review reports.
2. As there are multiple recommendations to individual audit firms, the total recommendations may not correspond to the number of recommendations indicated in the above table at Item 9-1, *Number of recommendations by item*.

## 10. Overview of Reports on Implementation of Quality Controls

### 10-1. Submission of "Reports on implementation of quality controls"

The number of reports on implementation of quality controls submitted by audit firms for the current period is as follows:

(Number of audit firms)

Existing firms			New firms		
Number of firms	Reports submitted	Not received yet	Number of firms	Reports submitted	Not received yet

Audit corporations	116	112	4	16	16	0
CPAs	151	146	5	171	166	5
Total	267	258	9	187	182	5

The deadline of this report originally was December 31, 2004. However, the deadline was extended to March 31, 2005 as it was the first year of reporting. The figures in this table include reports submitted from January 1, 2005 to March 31, 2005.

Note:

Four audit corporations and seven CPAs among 14 audit firms, which were included in the "Not received yet" column in the above table, submitted their reports between April 1 and April 8, 2005.

The following table lists the number of reports submitted by existing audit firms based on the year they were subject to quality control review:

	(Number of audit firms)		
	Number of firms	Reports submitted	Not received yet
For the years ended March 31, 2004 and 2003	175	168	7
For the year ended March 31, 2005	92	90	2
Total	267	258	9

Note:

The difference between the above figures of 92 firms and the figure of 94 firms shown in Item 3, *Overview of Quality Control Reviews Conducted for the Year Ended March 31, 2005* represents two audit firms which were subject to quality control review in the current period and submitted their reports on implementation of quality controls as a new audit corporation. The reports submitted by these two audit firms were included in "new firms."

The fact that two audit firms have not submitted their report as of April 9, 2005 was reported to the Chairman and President of the JICPA pursuant to Paragraph 3 of Article 88 of the Constitution, after the Quality Control Committee meeting held on April 15, 2005 made this determination per Section 3(5), Item 2, of the Quality Control Review Standards. One of the two audit firms was granted a deferment of the submission due to the hospitalization of management.

10-2. Implementation of corrective actions per the recommendations arising from previous quality control reviews

- For audit firms subject to quality control review in the current period, implementation of

corrective actions are examined as part of the quality control review and recommendation reports are delivered if further improvements are necessary. Additional details are described in Item 9, *Overview of Recommendation Reports Issued for the Current Period*.

- The following table shows the analysis of corrective actions implemented by audit firms which were not subject to quality control review for the current period:

(Number of audit firms)

	All corrective actions implemented	A portion of corrective actions implemented	No corrective actions implemented	Total
Audit corporations	44	29	0	73
CPAs	53	29	0	82
Total	97	58	0	155

Note:

The difference between the total in the above table of 155 and the figure of 175 which is shown in Item 10-1, *Submission of "Reports on implementation of quality controls"* conducted for the years ended March 31, 2004 and 2003 is primarily because some audit firms did not receive recommendation reports, as no specific matters which were subject to recommendations were found in the course of the quality control review.

Major corrective actions reported as implemented are as follows:

(Number of audit firms)

	Implemented	Planned to be implemented by the end of March 2005	Other	Total
Audit engagements				
Risk-based approach	109 (80)	16 (14)	27 (27)	152 (121)
Audit of accounting estimates	33 (3)	1 (0)	1 (1)	35 (4)
Development of audit manuals	14	6	4	24
Development of audit procedure documents	20	2	9	31

	Implemented	Planned to be implemented by the end of March 2005	Other	Total
Development and maintenance of audit work papers	98	6	4	108
Preparation of summary of audit findings	27 (1)	0 (0)	0 (0)	27 (1)
External confirmations	50	2	1	53
Other				
Engagement quality control review for expressing an audit opinion	80 (52)	3 (1)	3 (3)	86 (56)
Confirmation of independence	33	0	1	34
Consideration of continuance of an audit engagement	40	10	5	55
Monitoring of implementations of quality control	33	11	5	49

Notes:

1. The figures in parenthesis in the table indicate the number of qualified items in the quality control review reports.
2. The "Other" column mainly includes cases of which implementation is expected to be completed in April 2005 or later, although efforts were being made.

10-3. Responses of new audit firms which became subject to quality control review

Responses to "Questionnaires concerning quality control of audits" which are received with reports on implementation of quality controls, were analyzed and summarized as "Review results of reports on implementation of quality controls," and were delivered to audit firms for dissemination.

## 11. Future Challenges of the Quality Control Review System

The quality control review system, which plays a significant role in the sound development of audits in Japan, has been legally required under the amended CPA Law since 2004 while maintaining the framework of a self-regulatory system. Quality control review conducted by the JICPA is a more transparent system because it is subject to independent monitoring by the CPAAOB. Starting from the year beginning April 1, 2005, audits of certain large companies and other entities will also be subject to quality control review. The JICPA also needs to enhance this system in response to "Proposal for Further Improvements to Quality Control Review – Assessment of and Recommendations Pertaining to the Quality Control Review System of the Japanese Institute of Certified Public Accountants" issued by the CPAAOB on February 8, 2005, and for matters indicated in the monitoring process of monthly reports for the year ended March 31, 2005.

Issues related to the quality control review system that need to be addressed in the future include the following:

11-1. Development of a quality control review structure for certain large companies and other entities

- Precise coverage of audit firms which become subject to quality control review beginning this year;
- Increase the number of reviewers to respond to the increase in audit firms subject to quality control review;
- Increase the number of reviewers with IT expertise and other specialized areas;
- Strengthening the training of reviewers;
- Establishment of both stronger review teams and additional working groups within the Quality Control Committee;
- Development of review tools for specific industries.

11-2. Improvement of follow-up actions to recommendations

- Understanding the implementation of corrective actions taken by audit firms through the analysis of reports on implementation of quality controls submitted annually;
- Encouraging improvements through:
  - analyses of implementation, and the reasons for not implementing improvements;
  - providing appropriate advice; and
  - visiting audit firms when necessary;
- On-site confirmation of improvements related to previous recommendations in the course of a quality control review based on reports on implementation of quality controls.

11-3. Improvement in the reviewing quality level of quality control reviews based on past

performance

a) Consistency with the Quality Control Standards in policies and procedures as determined by audit firms:

- Whether audit firms update their audit manuals, checklists, and other materials to enhance auditing practices using a risk-based approach;
- Whether audit firms instruct their engagement teams to identify factors which may cause material misstatements and to focus on high risk areas;
- Whether audit firms properly respond to new topics in audit areas, such as accounting estimates and going concern assumptions;
- Whether audit firms take appropriate actions when assessing control risks in relation to information systems using information technology.

b) Compliance with policies and procedures of quality control determined by audit firms:

- Whether audit firms try to improve not only documentation but actual auditing practices in relation to the implementation of the risk-based approach, that is, verifying whether appropriate risk assessments are performed;
- Whether audit firms conduct internal quality control monitoring adequately and promote improvement of audit quality.

11-4. Providing specific information on quality control

- Improvement of statistical information of annual reports and providing information on specific recommendations.

In order to maintain the quality control review system conducted by the JICPA as a self-regulatory professional body, the most important challenges are rigorously conducting quality control review, initiating the appropriate responses to monitoring by the CPAAOB, and demonstrating to the public the effects of quality control review.