



Cold File Review (Non-audit) -Terms of Reference

1. Cold File Review Requirement-

In line with Bye Law 7, Quality Assurance, section 7.17.3,

“the Director of Professional Standards and the Quality Assurance Manager or Practice Regulation Manager are appointed by the Council and are employees of the Institute. The Director of Professional Standards and the Quality Assurance Manager or Practice Regulation Manager have the following powers in relation to Quality Assurance reviews:

to direct the Firm to carry out any action which he/she deems appropriate in the circumstances;”

This cold file review requirement is therefore requested on the above basis.

2. Cold File Review-

A cold file review is a review conducted on a completed audit exempt engagement file after the accountant report has been prepared, signed and issued by the accountant to their client. This review is undertaken by an independent reviewer (see section 3). This should be conducted after the Quality Assurance review has concluded and using the new procedures adopted by the firm following the review to improve the firm’s quality. On completion of the cold file review, the independent reviewer prepares a report (see section 5) detailing their findings.

3. Cold File Reviewer –

A cold file review should be completed by a qualified person (“the reviewer”), independent of the firm, operating within a firm that specialises in the completion of cold file reviews. This affords the firm the opportunity to benchmark the quality of their firm’s engagement files and gain greater insights into how to develop staff and improve upon the firm procedures. A full list of such firms, approved by CPA Ireland for this process is included at Appendix 1.

Please confirm the name of the intended reviewer with the Quality Assurance Executive (QAE) within seven working days of receiving your Quality Assurance report.

4. Timing of the Cold File Review –

The review is required to be completed within the timeline set by the QAE as per the issued Quality Assurance report. Extensions will be permitted only in unforeseen circumstances. For example, on medical grounds where a medical certificate can be provided. You must make arrangements with the reviewer to ensure that the cold file review report is submitted by the firm to the QAE by the report deadline.

5. The Review –

- i. The reviewer shall review the audit exempt engagements file(s)(“the files(s)”) as presented by the accountant with a view to forming an opinion as to whether they have fully complied with:
 - a) the relevant Financial Reporting Framework;
 - b) company law insofar as of relevance to the file; and
 - c) any other legal and/or regulatory requirements in so far as of relevance to the file.
- ii. The accountant has complied fully with the relevant requirements of the below as they apply to the file, as opposed to firm-wide procedures:
 - d) CPA Ireland’s Code of Ethics.

6. Reviewer's Report -

Upon completion of the review, the reviewer shall prepare a detailed cold file review finding report ("the report"). This report is required to include the following;

1. The results of the review under the headings set out in section 5 above.
2. A letter to the QAE, from the reviewer giving an overall conclusion on the firm's compliance with the headings set out in section 5 and how you dealt with these matters.

7. File Review Outcome

On receipt of the cold file review report ("the report"), the firm is required to draft a timebound plan ("response plan") to address any weaknesses identified in the report. In line with Bye Law 7.7, a firm is required to achieve a Grade A on review before the review is deemed closed. The response therefore should detail the remediations the firm will implement to achieve this, if required. This may include in house training etc. A template was provided with these terms to document the firm's response. A copy of the report and the action plan should be provided to the QAE within the timeline set out in the Quality Assurance report.

Please note that if the firm does not provide all information required, for example, the response plan in conjunction with the report, the report will not be considered by the QAE and the firm will have failed to comply with Bye Law 7.17.4.

8. Closure of Cold File Review

On submission of the report and response, the QAE/Professional Standards Administrator or Practice Regulation Manager will e-mail the firm to confirm receipt. They will also confirm if the information received was satisfactory and therefore to close the action directed per Bye Law 7.17.3.

Where the firm failed to demonstrate adequate improvements in their engagement files as per the cold file review report with a view to achieving a Grade A, this may result in the shortening of the firms' Quality Assurance cycle per Bye Law 7.12.2.

9. Failure to submit

Where a firm does not provide the report or within the agreed timelines may result in the imposition of additional quality control measures, such as those set out in Bye Law 7.17.3, which may include the imposition of a hot file review restriction.

In line with Bye Law 7.17.3, a failure by the firm to provide any undertakings or to comply with any such directions or restrictions such as the submission of an externally conducted cold file review from the Director of Professional Standards or the Quality Assurance Manager or Practice Regulation Manager within a reasonable period may result in disciplinary action in accordance with Bye law 6.

10. Reviewers remuneration

Arrangements regarding reviewer's remuneration are a matter for the reviewer and the firm concerned and CPA Ireland shall have no responsibility or liability in that regard.

11. Further information

Should you require any further information or clarification regarding the above, please contact your QAE directly or the Quality Assurance mailbox at: qualityassurancepsd@cpaireland.ie.

Appendix 1

CPA Approved Cold File Reviewers 2023

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