

Implementing SSQC 1 for Sole Practitioners

Challenges And Solutions (Part 2)



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In the first of this two-part series, which was published in *IS Chartered Accountant*, November 2013, we highlighted the challenges faced by five practitioners who are in varying stages of implementing SSQC 1 in their sole proprietorships.

Here, we explore a variety of solutions and measures that sole proprietors can consider to mitigate the challenges they face.

1 ENGAGE CONSULTANT OR EMPLOY ADDITIONAL RESOURCES FOR SSQC 1 IMPLEMENTATION

To resolve the issue of time constraint, a firm can engage a suitably qualified external consultant or employ additional resources to develop the firm's system of quality control aligned with SSQC 1. To help small and medium-sized practices (SMPs) defray costs, ISCA is working with SPRING Singapore on a new government incentive initiative called Collaborative Industry Project (CIP) Process Manual, likely to be rolled out next year, to encourage small accounting firms to tap on the services of an external consultant to develop process manuals for their firms,

including quality control manuals. Under this initiative, the firms can commence SSQC 1 implementation without significant financial burden as the firms can leverage on government funding of up to 70% of the consultancy and training costs.

2 ENGAGE SPECIALIST OR ESTABLISH ALLIANCE FOR CONSULTATION, EQC REVIEW AND MONITORING

In light of the lack of resources for formal consultation, some of the interviewees shared that they have relied on qualified external specialists for formal consultation. Such external specialists can be engaged on a retainer basis at reasonable rates. Alternatively, firms can consider employing an internal specialist who has the appropriate experience, knowledge, competency and authority. In addition, one of the interviewees, Luar Eng Hwa of EH Luar & Co, has established reciprocal arrangements with like-minded firms to carry out internal monitoring, consultation and EQC review. Mr Luar's firm is part of an alliance, Alliance Practice LLP, and he subjects his higher-risk engagements

SSQC 1 IMPLEMENTATION: TIPS TO GET STARTED

- + Set the tone at the top and communicate the importance of SSQC 1 to staff from the beginning.
- + Begin implementation as early as possible as it is not an overnight process. Plan it carefully. It can be performed in different stages or phases, based on available resources.
- + Customise the policies and procedures of SSQC 1 to suit the needs and resources of a firm. For sole proprietorships, policies and procedures need not be as sophisticated as those for bigger public accounting firms.
- + Leverage on ISCA's SSQC 1 implementation support initiatives such as the SSQC 1 Practice Guides, which include forms and templates for documentation, as a starting point to implement SSQC 1.
- + Adopt a practice management solution which incorporates the quality control policies and procedures aligned with SSQC 1.
- + Engage an external, suitably-qualified consultant or employ additional internal resources to develop the firm's system of quality control.

TECHNICAL EXCELLENCE

SSQC 1

to EQC review through this alliance. Additionally, firms can also tap on such an alliance to mitigate the familiarity threat due to long association of senior personnel with their assurance clients. Alternatively, they can also carry out rotation of senior engagement team members to overcome the familiarity threat.

Similar to the abovementioned alliance, ISCA has facilitated the formation of the OneSMP consortium, which comprises 20 SMPs as of September 2013. The OneSMP consortium serves as a common platform to foster collaboration and networking among like-minded and progressive SMPs with the objective of raising their practice excellence, quality and productivity. Through such a consortium, the firms can potentially explore opportunities to help one another to conduct internal monitoring, consultation and EQC review.

3 PLAN MANPOWER RESOURCE NEEDS FOR BETTER UTILISATION

To tackle human resource management issues, sole practitioners can implement proper manpower planning by

anticipating the resource needs for peak and off-peak periods to avoid operating at maximum capacity so that they can handle ad hoc assignments when necessary. During the off-peak periods, sole practitioners can arrange for some staff to undergo training for continuous professional development; this would enhance staff competencies, and also improve staff retention.

The firms can also apply to be an Accredited Training Organisation (ATO) under Singapore Qualification Programme (Singapore QP), for which application is administered by ISCA. An

ATO certification will certainly help the firms retain the staff for a longer period as it provides mentoring and career progression opportunities for staff. The firms can also recruit high-calibre local graduates from the polytechnics by participating in the SME Talent Programme (STP) for small and medium-sized enterprises (SMEs). This will help to address the issue of talent recruitment and retention, and relieve the pressure on the firms' dependency ceiling ratio for foreign labour (please refer to SME Talent Programme: Key Features box below).

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SME TALENT PROGRAMME: KEY FEATURES

The SME Talent Programme (STP) helps local SMEs attract local talents from the polytechnics and Institutes of Technical Education by sponsoring students study awards and job opportunities upon graduation.

For student recipients

- + Open to Singaporean students who have completed at least the first year of study;
- + Sponsorship of successful recipients' remaining years of study, including school fees, study

allowances and sign-on bonus;

- + Recipients are bound by the employment terms of the sponsoring SMEs, including a two-year bond;
- + Recipients receive on-the-job and/or other relevant training opportunities when they join the sponsor firms.

For sponsoring SMEs

- + Recipients sign a two-year bond requirement with the sponsoring SMEs;
- + Participating SMEs are eligible for up to 70%

funding support covering the study award value, including school fees, study allowances and sign-on bonus;


- + SMEs receive funding support of up to S\$10,000 to defray training and related costs during the new hires' first year of employment.

More information is available at the SPRING Singapore website at www.spring.gov.sg > Enterprise > Capability Development Grant > SME Talent Programme.

4 COMMIT TO QUALITY AND COMMUNICATE TO STAFF ON QUALITY CONTROL

Other than retention, it is equally important to cascade down the quality-oriented values to the staff. There should be regular communication from sole practitioners to the staff, emphasising quality in the firms' operations or processes. As the tone at the top, sole practitioners themselves have to be committed to quality. The firms can also

set structured criteria, which include appropriate weighting on quality of the work performed and the demonstrated commitment to quality control, for staff performance review. Such criteria assessment will improve the link between the quality of their staff's work and their remuneration. With defined criteria for performance measurement, it also helps to improve the objectivity of evaluation for staff performance.



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MS EILEEN LEE
BL LEE & CO

5 LEVERAGE ON SUPPORT FROM PROFESSIONAL ACCOUNTANCY BODIES

More importantly, the interviewees responded that it is highly beneficial to leverage on the support provided by professional accountancy bodies. For example, firms may incorporate ISCA's Quality Assurance

Review (QAR) Programme into their monitoring programme. This would support the firm in identifying the potential deficiencies of the completed engagements and provide recommendations to improve quality.

They may also obtain guidance and gain a deeper understanding of the SSQC 1 implementation experience at workshops organised by ISCA. Significantly, most of the interviewees encouraged firms to make use of ISCA's SSQC 1 Practice Guides. Eileen Lee of BL Lee & Co said, “The Guides provide the firm with illustrative policies and procedures which can be customised, as well as forms and templates that can help the firm carry out documentation.”

REAPING THE BENEFITS OF SSQC 1

Despite the challenges, the five interviewees said that they rapidly derived positive results from implementing SSQC 1. Mr Luar of EH Luar & Co said that SSQC 1 has helped his firm cultivate a culture focused on quality, and this in turn encouraged the continuing professional development of staff, who are now more pro-active about improving their competencies. “My staff now better appreciate the work they perform, which has translated into higher-quality service to our clients. They are also more motivated and stay with the firm for a longer period.”

Ultimately, sole proprietorships should view SSQC 1 as a tool to bolster the quality of their firm's work, said Rowland Kew of YM Kew & Co. “Do not act ignorant about SSQC 1. Get it started as early as possible. You must set the tone at the top and be committed to the implementation.”

EMBRACING QUALITY FOR SUSTAINABILITY

All five interviewees concurred that SSQC 1 helps a firm to build a solid foundation of quality control, and is essential in propelling the firm towards attaining sustainable growth in long run. isca

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