

**(Appendix to the Notification of the Department of Business Development:
Rules and Conditions for Assuring Quality for Accounting Firms B.E. 2550 (2007))**

Requirements for Quality Assurance for Accounting Firms

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Introduction

1. The objectives of the Requirements for the Quality Assurance for Accounting Firms are to use these requirements as a basis for governing and developing Accounting Firms so that accounting services rendered by the Accounting Firms to entrepreneurs and to the Accounting Firms themselves are in compliance with laws and accounting standards, and for standardizing the Accounting Firms to achieve high level of quality of Accounting Firm and to gain wide acceptance from the public.

2. Additional standards stated in the Requirements for the Quality Assurance for the Accounting Firm are guidelines for controlling the quality for Accounting Firms intending to participate in the quality assurance program launched by the Department. These standards have been set based on the International Standard on Quality Control (ISQC 1) and Thai Industrial Standard 9001: Quality Management System.

3. The Accounting Firm shall design a system of the quality control suitable for itself to ensure that the Accounting Firm conducts the work in compliance with the Requirements for the Quality Assurance for Accounting Firms.

4. Requirements for the Quality Assurance for Accounting Firms shall be applicable to all Accounting Firms

1. Definition

“A System of Quality Control for the Accounting Firm” means a system that sets policies, objectives and procedures to meet the objectives in order to direct and control the organization so that the quality of accounting services are in compliance with laws and accounting standards.

“Accounting Firm” means a firm which provides accounting services, whether it was set up in the form of a juristic person, a group of persons, or a natural person. One head, at least 1 partner, or at least 1 director, whoever applicable, who is responsible for accounting services, shall hold a bachelor degree in accounting at a minimum, work full-time at the accounting firm, have already submitted the bookkeeper request form to the Department, and have and maintain at least 1 assistant of bookkeeper who holds a bachelor degree in accounting and works as a full-time employee at the firm.

“Bookkeeper” means a bookkeeper under the Accounting Act, B.E. 2543, who is an employee of an Accounting Firm.

“Assistant of Bookkeeper” means an assistant of bookkeeper who is an employee of an Accounting Firm.

“Related Party or Parties to Bookkeeper” means:

- An assistant of Bookkeeper who plays an important role in exercising judgment in the accounting engagement
- A shareholder or a partner in the Accounting Firm

- A spouse or a dependant not reaching majority of Bookkeeper
- A spouse or a dependant not reaching majority of an Assistant of Bookkeeper who plays an important role in exercising judgment in the accounting engagement
- A spouse or a dependant not reaching majority of a shareholder or a partner in the Accounting Firm
- The Accounting Firm
- The parent company, a subsidiary or subsidiaries, an associate or associates of the Accounting Firm

“Top Management” means management who has the most absolute power in the business of accounting services.

2. Elements of a System of Quality Control for Accounting Firms

2.1 The Accounting Firm’s system of quality control should include policies and procedures addressing each of the following elements:

- 2.1.1 Management Responsibilities of Accounting Firm
- 2.1.2 Ethical Requirements of Accounting Firm
- 2.1.3 Client-Related Processes of Accounting Firm
- 2.1.4 Resource Management of Accounting Firm
- 2.1.5 Engagement Performance of Accounting Firm
- 2.1.6 Monitoring and Follow-Up of Accounting Firm
- 2.1.7 Documentation Management of Accounting Firm

2.2 Quality control policies and procedures shall be established in writing and be suitable for the Accounting Firm. The quality control policies and procedures shall be communicated to all employees within the Accounting Firm.

3. Management Responsibilities of Accounting Firm

3.1 Management Commitment

Top Management shall provide evidence of its commitment to the development and implementation of the system of quality control of the Accounting Firm and continually improve its effectiveness by

- Communicating to all employees within the Accounting Firm the importance of abiding by accounting standards applicable to accounting services and of meeting ethical, client, statutory and regulatory requirements;
- Establishing quality policies;
- Setting business plans;
- Conducting monitoring and following up processes; and
- Ensuring the availability of resources.

3.2 Client Focus

Top Management should ensure that the client needs are determined and are met with the purpose of enhancing customer satisfaction provided that Top Management implementation complies with statutory requirements related to the accounting profession, with accounting standards, and with ethical requirements.

3.3 Quality Policy

Top management shall ensure that the quality policy

- is appropriate to the purpose of the Accounting Firm;
- includes a commitment to comply with statutory requirements, accounting standards, and ethical requirements; and to continually improve the effectiveness of the quality policy;
- provides a framework for setting business plans;
- is communicated and understood within the Accounting Firm; and
- is reviewed for continuing suitability.

3.4 Business Plans

The Accounting Firm should set business plans and financial plans in writing.

3.5 Responsibilities, Authorities and Communication

3.5.1 Responsibilities and Authorities

Top Management shall ensure that duties and responsibilities of employees are defined and put in writing, and that duties and responsibilities are communicated among all employees within the Accounting Firm.

3.5.2 Internal Communication

Top Management shall ensure that appropriate communication processes are established within the Accounting Firm and that communication regarding the effectiveness of the quality policy of the Accounting Firm takes place.

3.5.3 Management Review

Top Management shall review the management work to ensure its continuing suitability. Records from management review shall be maintained.

3.6 Cooperation with Government Agencies

The Accounting Firm shall fully cooperate with the government agencies in terms of supervision by government agencies and dissemination of useful information from the government agencies to the Accounting Firm's clients.

4. Ethical Requirements of the Accounting Firms

4.1 Transparency, Independence, Objectivity, and Integrity

Transparency means the virtue of disclosing accurate, complete, adequate, and up-to-date information which reflects the economic reality of economic events on a timely basis without concealing or distorting the material facts of the economic events.

Independence means the virtue of performing the work with independence, or the ability to make any decision, without being influenced by internal or external factors, within the professional frameworks. The independence shall be clearly regarded by the public,

which is necessary to achieve the high-level reliability of the work of professional accountants.

Objectivity means the virtue of being neutral when exercising professional judgment without allowing prejudice and bias to override the judgment.

Integrity means the virtue of being straightforward, honest, truthful with actual accounting work conducted without making exaggerated claims about work not performed, and honest to the accounting profession.

4.1.1 Fundamental Principles

When providing accounting services, the Accounting Firm shall maintain transparency, independence, objectivity, and integrity to achieve the high level of reliability of the work of professional accountants.

4.1.2 Requirements

(1) The Accounting Firm shall conduct the work with transparency and without concealing or distorting the material facts of the economic events.

The Bookkeeper shall ensure that information to be used in the accounting work is accurate, complete, sufficient, up-to-date, and reflect the real economic substance in order to ensure the accuracy of accounting work provided to the client.

(2) The Accounting Firm shall not accept the engagement that will impair the independence

The Bookkeeper shall use professional judgment when accepting the engagement and shall decline the engagement offer or temporarily stop the accounting services that have already been provided until the relationship or circumstance affecting the independence issue ends.

(3) Accounting Firm shall carry out the engagement with objectivity, straightforwardness, and maintain neutrality in using professional judgment without allowing prejudice and bias to override the judgment.

Accounting Firm will carry out the engagement with objectivity, straightforwardness, and maintain neutrality in using professional judgment without allowing prejudice and bias to override the judgment if

- (1) The Accounting Firm owns reliable information from reliable information management system; and
- (2) The Accounting Firm manages to control the service to ensure the compliance with the frameworks of professional codes of ethics.

The Accounting Firm shall avoid having relationships or being in a circumstance that may put so much pressure on the Bookkeeper that the Bookkeeper is not in a position that can use neutral professional judgment.

(4) The Accounting Firm shall carry out the engagement with integrity and honesty to the accounting profession.

The Accounting Firm shall carry out the engagement with integrity and honesty to the accounting profession.

4.2 Competence and Professional Standards

4.2.1 Fundamental Principles

The Bookkeeper shall use competence and professional expertise with due care to carry out the engagement efficiently and effectively and to ensure that the client will receive the professional services on the basis of regulatory and technical relevance.

To conduct the work with prudence, the Bookkeeper shall plan and control the work to ensure the sufficient collection of data and evidence.

The Bookkeeper shall continually acquire knowledge over the professional life to ensure that the client will obtain the benefits from professional services on the basis of the up-to-date development of rules, professional standards, and professional techniques.

4.2.2 Requirements

(1) The Bookkeeper shall not accept the engagement that the engagement team does not possess, or cannot acquire, the competencies necessary to properly carry out the engagement.

When considering the acceptance of the engagement, the Bookkeeper is required to have knowledge and experience in the client's business, type of service the client needs, and sufficient competence to properly and effectively carry out the engagement as required by the relevant accounting standards. The Accounting Firm shall not accept an excessive number of engagements, which make it unable to competently control the work of all accepted engagements.

To have sufficient knowledge to carry out the engagement

- the Bookkeeper shall have experience and practice in applying judgment or knowledge to the engagement;
- the Bookkeeper shall continually obtain education or training sessions; or
- in the case that the Bookkeeper does not possess sufficient competence to carry out the engagement, the Bookkeeper shall do self study for necessary knowledge for the engagement or inquire experts of necessary knowledge for the engagement

The Bookkeeper shall not make exaggerated claims for the expertise they have, experiences they have gained. In this case, the Bookkeeper shall consider to seek advice from or to use the work of the expert who specializes in that particular work.

(2) The Bookkeeper shall carry out the engagement with prudence.

When providing the accounting services, the Bookkeeper shall, with prudence, apply knowledge from the accounting standards, practices and relevant laws, and use professional expertise and experience.

(3) The Accounting Firm shall continually maintain the engagement quality control.

The Accounting Firm shall provide training sessions for Bookkeeper and Assistant of Bookkeeper and control the quality of work produced by Bookkeeper and Assistant of Bookkeeper to ensure that the professional work produced achieves the high level of standard.

(4) The Accounting Firm shall not allow other party or parties to make a false claim that the Accounting Firm provides the accounting services to that party or those parties, despite that fact that the Accounting Firm does not carry out or control the engagement.

The Accounting Firm shall not allow other party or parties to make a false claim that the Accounting Firm carries out or control the accounting engagement, when despite that fact that the Accounting Firm does not carry out or control the engagement.

4.3 Responsibilities to Clients and Confidentiality

4.3.1 Fundamental Principles

The Accounting Firm shall be responsible for the engagement by not withdrawing from the engagement without any plausible reason.

The Bookkeeper may know or acquire information, which is considered client's confidential information. The Bookkeeper shall not disclose that confidential information. The Bookkeeper, the Assistant of the Bookkeeper, or colleague in the Accounting Firm shall not reveal the information obtained during the course of accounting engagement either for the private benefits or the benefits of other external party or parties, except that they receive a formal consent from the client or that they are required by laws to disclose information. This includes the investigation conducted by regulatory bodies for the purpose of regulating and enhancing the accounting profession.

4.3.2 Requirements

(1) The Accounting Firm shall not disclose the confidential information obtained as a result of carrying out the engagement, except that they receive a formal consent from the client, that they are required to provide legal evidence as a witness in the course of legal proceedings, or that they are required to do so by regulatory bodies.

The responsibility to keep the confidential information still exist even the contractual relationship between the Accounting Firm and client ends to prevent the practice of using information for private benefit or other external parties' benefit.

(2) The Accounting Firm shall not leave the engagement accepted without any plausible reason.

On the accounting engagement accepted by the Accounting Firm, if the Accounting Firm, later, finds out that it is unable to finish the tasks specified in the engagement and leaves the engagement without any plausible reason and without informing this fact to the client within appropriate time (i.e., informing on short notice the client the fact of inability to complete the accounting engagement as specified in the contract), it is considered to be irresponsible to the client and can cause damage to the client.

4.4 Responsibilities to Shareholders, Partners, or Individual Owner, or Juristic Person Whom the Accounting Firm Provides Accounting Services for

4.4.1 Fundamental Principles

The Accounting Firm shall maintain responsibilities to shareholders, partners, or individual owner, or juristic person whom it provides accounting services for.

4.4.2 Requirements

To maintain responsibilities to these groups, the Accounting Firm shall always behave in a way that will bring a good reputation to the accounting profession. The Accounting Firm shall also avoid any action that may bring discredit to the accounting profession.

4.5 The Accounting Firm Shall Avoid any Action that Discredits the Accounting Profession.

4.5.1 Fundamental Principles

The Accounting Firm shall comply with relevant laws and regulations to maintain the good reputation and shall avoid any action that may bring discredit to the accounting profession.

4.5.2 Requirements

The Accounting Firm shall avoid any action that may bring discredit to the accounting profession.

4.6 The Accounting Firm shall comply with the Ethical Requirements specified in 4.1 to 4.5 and shall not violate the Ethics of Accounting Profession. The Accounting Firm shall also abide by additional legal requirements of Ethics of Accounting Profession introduced by the Federation of Accounting Professions.

5. Client-Related Processes of Accounting Firm

5.1 The Accounting Firm shall establish the basis for determining professional fees.

5.2 The Accounting Firm shall prepare an engagement contract and obtain written acceptance of the engagement contract from the client

5.3 The Accounting Firm shall determine the terms of payment of the fee.

5.4 The Accounting Firm shall issue the document which provides the evidence of collecting the fee from the client.

5.5 In the case that the client asks the Accounting Firm to be a representative in certain duties such as submitting tax documents, such as VAT, withholding tax, corporate income tax, or submitting social security fund contribution, the Accounting Firm shall do such duties as the client asks.

5.6 In terms of the custody of the client's assets, the Accounting Firm shall have the evidence of the delivery and receipt of assets, including maintaining and storing assets. The Accounting Firm shall not use those assets as a bargain for the private benefit of the

Accounting Firm. One example of inappropriate action is to withhold the accounting records and supporting documents of the client without any plausible reason.

6. Resource Management of Accounting Firm

6.1 Equipment

The Accounting Firm shall acquire and maintain the equipment necessary to conduct the work with the purpose of creating working efficiency and organization of workplace, which, in turn, brings about safe and orderly workplace, giving rise to increase in productivity. One example is 5S.

6.2 Personnel

6.2.1 Personnel in the Accounting Firm shall have competence appropriate to the responsibilities assigned. This requirement is also applied to external parties who work with the Accounting Firms.

6.2.2 The Bookkeeper shall have the qualifications under the Accounting Act B.E. 2543 and the Accounting Professions Act B.E. 2547.

6.2.3 Before starting the work, responsibilities of the new position shall be communicated to newly hired personnel or transferred personnel, and necessary training sessions for that new position should be provided. The Accounting Firm shall monitor the individual engagement closely to ensure the understanding of the assigned responsibilities by the personnel.

6.2.4 Personnel shall receive further training sessions as appropriate and in compliance with statutory requirements.

6.2.5 The relevant client, legal, and regulatory requirements shall be communicated to personnel within the Accounting Firm.

6.2.6 In the case of outsourcing the Bookkeeper, the Accounting Firm shall have a measure to control the compliance, by the outsourced Bookkeeper, with the statutory requirements related to the accounting profession, accounting standards and ethical requirements.

7. Engagement Performance of Accounting Firm

7.1 The Accounting Firm shall provide accounting services with accuracy and in compliance with statutory requirements.

7.2 The Accounting Firm shall have an operation manual for Bookkeeper and shall comply with the operation manual.

7.3 The Accounting Firm shall communicate to the personnel the objectives of engagement and shall provide further training sessions as necessary to ensure the personnel can fulfill the objectives of the engagement.

7.4 The Accounting Firm shall supervise the progress of the engagement and solve any problem that arises out of it.

7.5 The Accounting Firm shall appoint the reviewer of each engagement and assign the responsibilities to the reviewer. The reviewer shall make any appropriate adjustment, if any, before delivering the final work to the client.

8. Monitoring and Internal Audit of Accounting Firm

8.1 The Accounting Firm shall establish procedures to conduct an internal audit of the engagement work in an appropriate period to ensure that the engagements are in accordance with the business plans and statutory requirements. The internal audit may be carried out either by the Accounting Firm itself or the external party.

8.2 If the monitoring and internal audit activities reveal that the problem has arisen, the Accounting Firm shall conduct an investigation and determine the solutions to ensure that the problem will not recur.

8.3 The Accounting Firm shall establish the procedures for handling client's complaints, including investigating the cause of complaints, coming up with the remedial action, and informing the processed results to the clients.

8.4 The Accounting Firm shall keep the record the implementation in 8.1 – 8.3 and shall maintain it over an appropriate period of time.

9. Documentation Management of Accounting Firm

9.1 The Accounting Firm shall establish procedures to stay in touch with the updated laws related to the accounting profession.

9.2 The Accounting Firm shall keep information of the clients and the firm itself with the purpose of preventing damage to, loss of or depreciation of the above information over the period required by the law.

9.3 In the case that the information is stored in electronic media, the backup processes shall be carried out in the appropriate period and suitable place.