It has been approved by the decision of Council of Chambers of Auditors № «210/2» dated on August «05», 2010

REGULATION
OF QUALITY CONTROL COMMITTEE OF THE CHAMBER
OF AUDITORS OF THE REPUBLIC OF AZERBAIJAN

The current Regulation has been developed in accordance with the Law of Azerbaijan Republic «On Audit service», with the Regulation of Quality control of Audit service and for the establishment of control system on the implementation of requirements of the other legislative acts that are in force, on the provision of compliance with the quality of audit service and professional ethics by independent auditors who are the members of the Chamber of Auditors and audit organizations (hereinafter will be referred as « Auditors») and should be executed by the members of Quality Control Committee.

I. General provisions

1.1. Quality Control Committee (hereinafter will be referred as “Committee”) is executive body of Council of Chamber of Auditors of the Republic of Azerbaijan that implements control within their authorities on the quality of audit service and on the compliance with professional ethics of the Auditors who are the members of the Chamber of Auditors.

1.2. The Committee forms a unified system on the control of the quality of audit service provided by auditors who are the members of the Chamber.

1.3. The Committee in its activity is based on the Law of Azerbaijan Republic «On Audit service», Regulation «On the Chambers of Auditors of Azerbaijan Republic», audit standards, the rules approved by the Chamber on the activity of auditor and on the current Regulation.

1.4. Considering the requirements of this Regulation, Committee independently compiles the regulation and principles of its activity.

II. Duties of the Committee

2.1. Control over the quality of audit service provided by the Auditors who are the members of the Chamber.

2.2. Composition of the projects of annual plan- schedules for the inspection of compliance with the quality of audit service provided by the members of the Chamber and with the code of professional ethics.

2.3. Composition of the projects of methodical aids, orders and recommendations on the issues of controlling over the quality of audit service conducted by auditors together with the relevant structures of the Chamber and compliance with the Code of Professional Ethics of Auditors.

2.4. Control over the compliance with the requirements of legislative and normative-legal base during the inspection of the quality of audit service conducted
by the members of the Chamber and the compliance with professional ethics, 
especially the implementation of control over the activity of the members of Chamber 
and over the compliance with the following by them:

- to the legislative norms on the audit activity;
- to the audit standards (regulations) on the audit activity;
- to the standards of professional ethics;
- to the students on the improvement of professional skill;
- to the quality of audit service;
- to the normative acts, guidelines, rules and recommendations on the provision 
of audit services.

2.5. Generalization of information on the inspections conducted in connection with 
the control over the quality of Audit service and informing the Council.

2.6. Looking through the organizational issues during the process of inspection, 
responding to the requests on them. Looking through the complaints and disputes 
arising during the inspection.

2.7. Solution of disagreement and disputes arising between the inspectors on the 
inspection of the quality of audit activity and Auditors whose activities are inspected.

2.8. Development of proposals on improvement of the method related to the 
implementation of inspections on the quality control of the audit service.

2.9. Development of annual summary on the all inspections carried out for the 
quality control of audit and Submission to the Council of Chamber.

2.10. Provision of the relations with the relevant bodies of Chamber.

2.11. Development of recommendations on the application of internal control 
system on the quality control of audit service in Audit organizations.

2.12. Development of recommendations on the improvement of external control 
system over the quality control of Audit service.

III. Members of the Committee

3.1. The composition of Committee is formed consisting of chairman, vice-chairman 
and five members appointing by Council of Chamber.

3.2. The followings shall be the members of Committee:

- Auditors who are qualified and have work experience on the activity of 
  Committee and experienced in inspection of auditor’s activity;

- The specialists of the governmental, commercial and public organizations 
having an authority in the issues that is considered the subject of committee’s activity, 
of higher education and scientific-research institutions and who are not authorized 
members of Chamber. These experts can become the member of Committee by the 
presentation of relevant bodies.

3.3. Council has the right to approve, terminate the decisions of Committee and to 
make appendices or amendments to these decisions.

3.4. The persons approved as the member of Committee by the Council are 
considered to be the permanent member of Committee and have the right to vote in 
making decisions and in the approval of documents.
3.5. The activities of Committee members are implemented with social (free) bases. Active members may be awarded on the decision of Chairman of Committee and Council of Chamber.

3.6. Specialists can be invited from the organizations that are not members of Chamber in order to work as an expert in the Committee. These persons have the right of consultative vote at the meetings of Committee and in acceptance of the documents. Payment of their fee is solved by Council taking into account the recommendations of the Chairman of Committee.

3.7. The members of the Committee shall be elected for a period of three years. Every member of the Committee can be re-elected for a new term.

3.8. The authorized representatives of the members of the Chamber are eligible to participate in the work of Committee with the consent of the Chairman of the Committee. In this case, the authorized representatives participate at the meetings of the Committee as counselor. Chairman of Committee gives information to the authorized representatives about the time and place of the relevant meeting of the Committee.

3.9. The member of Chamber who proposed a relevant issue to the Committee for looking at has the right to participate at this meeting with consultative vote in personally or through his authorized representative, Chairman of Committee gives information to this member about the time and place of the relevant meeting.

IV. Chairman of committee

4.1. Chairman of Committee is appointed by the decision of Council of Chamber.

4.2. Chairman of Committee forms the activity of the Committee, ensures the execution of the decisions of Council of Chamber, orders and decrees of leadership of Chamber and implements rights and duties entrusted to him on this Regulation.

4.3. Vice-chairman of the Committee and the members are appointed by Council.

4.4. Chairman of the Committee ensures the execution of the duties that the Committee is responsible for:

4.4.1. Prepares the action plans of Committee and submits them to Council for approval;

4.4.2. Organizes the meetings of Committee and conducts these meetings;

4.4.3. Provides the composition of meeting protocols and other documents;

4.4.4. Submits the reports to the Council on the activity of the Committee.

V. Work rules of the committee

5.1. Activity of Committee is implemented in accordance with the action plan accepted at the meeting of Committee and approved by the Council. Meetings of Committee are conducted by Chairman of Committee and by the vice-chairman in his absence.

5.2. If they are absent and if any assignments are not given, chairman of committee is elected from the members who attend the meetings of the Committee.

5.3. The meeting of the Committee is held in the presence of member not less than two-thirds of the members. In the absence of a quorum at the meeting, the chairman can make a decision on dismissal of the meeting and on the appointment of the date, time, and place on holding the meeting again.
5.4. The decisions are made by simple majority of votes of the Committee members who attended the meeting. In case of an equal number of votes, the vote of the Chairman is considered to be decisive.

5.5. Committee member who is not satisfied with the adopted decision can express his opinion orally or in writing. The notes on this are made in the protocol. If the agreement is on the approved issues the opinion of Committee member is submitted to the Council for looking at.

5.6. The issues included on the agenda are discussed in the meeting of the Committee. The agenda of the meeting is made by the Chairman of the Committee in accordance with the action plan of Committee, with the assignments of Council of Chamber and the leadership of the Chamber.

5.7. The decision can be made on the inclusion of the discussion of the other issues on the meeting agenda at the initiative of the Chairman of the Committee, of vice-chairman, of the members or the other persons who attend the meeting. The vote of more than half of the permanent members present at the meeting in favor of this decision is required.

5.8. If necessary, the meeting can be cancelled with the decision of more than the half of the members of the Committee who attend the meeting.

5.9. By the decision of the Committee, the composition of the projects of the documents that will be discussed at the meeting of the Committee should be assigned to one of its members or to the inspectors. If necessary, a special group consisting of the members of the Committee and other experts can be set up for the preparation of documents.

5.10. All the meeting of the Committee should be recorded in minutes. The protocols are delivered to the archive of Chamber for maintenance.

VI. Responsibility of the committee members

6.1. Committee members should unceasingly participate at the meetings of the Committee. If the Committee member is unable to attend the meeting for any reason, he (she) should give information to the Chairman of the Committee in this regard. If the member of the Committee doesn’t attend three session regularly or more than 25% of the total number of meetings held throughout the year from unreasonable excuse, the Chairman of the Committee with consent of a majority of the Committee members makes a decision about his exclusion from membership. This decision should be approved by the Council.

6.2. If there is any suspect to the experience of the member of Committee, the issue on the exclusion of the same member from membership can be submitted to the Council at the initiative of the Chairman of the Committee or two-thirds of the Committee members. In this case, final decision is made at the Council.

6.3. Chairman of the Committee who doesn’t fulfill his duty up to the mark or honestly can be prematurely dismissed from his post by the Council.

VII. Final provisions

7.1. Appendix and amendments to the text of the current Regulation are made by the decision of the Council.