

# Quality and Risk Management

**Ernst & Young has an effective quality control system. Numerous basic principles, tools, and processes support our employees in delivering high-quality services and ensure compliance with legislation, professional standards, and guidelines.**

This type of support is provided by our Quality and Risk Management. The unit has a neutral point of contact that is staffed by experienced professionals to whom our employees can turn with any specific questions on technological, regulatory, or professional independence matters.

## **Quality framework**

Our quality framework is characterized by four criteria: culture, people, processes/methods, and benchmarks for performance evaluation. The objectives are:

- ▶ Promoting a culture of cooperation and uncompromising integrity
- ▶ Recruiting qualified employees that possess integrity and encouraging their pursuit of quality through communication, training, and targeted incentives
- ▶ Continuously reviewing and improving all processes that affect the quality of the services to be rendered
- ▶ Applying uniform benchmarks to reward the pursuit of quality and to correct a lack of commitment.

## **Our culture**

A core task of the Ernst & Young management team is to set the quality requirements and also to live by them. We communicate to our employees that quality and professional accountability start with them and that putting the requirements into practice is one of their primary responsibilities. Ethics and integrity are another standard component of our training programs and our internal communication.

Our employees' quality awareness is determined by our values and our code of conduct. This solid foundation of standards and rules informs our actions and our business conduct.

## **Client acceptance and client continuance**

We accept new assignments or engagements only if we have the resources required to deliver high-quality services and if we are the appropriate provider for the services requested.

We review the scope of our services as part of our process for the continuation of engagements. At the same time, we assess whether our clients share our level of commitment to quality and transparency. Software designed for client acceptance and continuance ensures that our basic principles and requirements are applied in a uniform way.

## **Audit quality**

To ensure that our audits meet the highest standards, we apply Ernst & Young's Global Audit Methodology (GAM) which satisfies international and local auditing standards. The standards and methods we use, including GAM, are constantly being assessed, scrutinized and revised to keep them current and to ensure the effectiveness of our audit work. Where necessary, GAM is supplemented to take into account the conditions prevailing in Switzerland.

To support our auditors in their consistent use of GAM and the preparation of appropriate audit-related documentation, we rolled out the GAMx electronic auditing software in fall 2007. This new tool integrates methodology, instructions and knowledge, and will enhance the coordination of international engagements as well as consistency in audit documentation.

## **Quality reviews**

As part of the global Ernst & Young Quality Review program (QR), we perform a random check of client engagements every year. It entails interviews and evaluations of our partners and directors at least once every three years by seasoned employees who were not directly involved in the engagements reviewed.

## **Independence**

We verify our independence at multiple levels: non-audit services for our audit clients, our business relationships with audit clients, as well as our financial relationships as an audit company and those of our employees. We also take national and international independence provisions into account, together with such other issues as rotation and pre-approval by the audit committee.