

Quality Management System (QMS) Document

Gray, Callison & Jones CPA, PC (and related entities)

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Firm	Gray, Callison & Jones CPA, PC (and related entities)
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This document is the firm’s official Quality Management System. It is signed and approved effective December 15, 2025. Rendered verbatim from the source document.

FOUNDATION

1. Introduction

The purpose of this Quality Management System (QMS) is to comply with AICPA QM Section 10 and QM Section 20, which replace QC Section 10. The system is designed to ensure that the firm provides high-quality audit, review, and compilation services that comply with professional standards and applicable legal and regulatory requirements.

This QMS is tailored to our firm's size, structure, service mix, staffing model (U.S. and offshore), technology environment, and risk profile.

2. Assign Responsibilities and Leadership

Quality Objectives

- bullet Assign ultimate responsibility and accountability for the SQM to the Managing Partner.
- bullet Assign operational responsibility for the SQM to qualified individuals.

3. Understand and Apply the Risk Based Approach

- bullet Establish quality objectives for each component of the SQM.
- bullet Identify and assess quality risks that may threaten achievement of objectives.
- bullet Design and implement responses to address identified risks.

THE 8 SQMS NO. 1 COMPONENTS

4. Governance & Leadership

Quality Objectives

- bullet Leadership promotes a culture that emphasizes quality over commercial interests.
- bullet The firm assigns roles and responsibilities that support an effective QMS.
- bullet The firm's leadership ensures adequate resources for engagement performance and quality monitoring.

Quality Risks Identified

- bullet Inconsistent communication between partners.
- bullet Lack of formal tracking of new standards.
- bullet No documented process for assigning QC responsibilities.

Responses

- bullet Annual "Tone at the Top" memo issued by leadership.
- bullet Appointment of a Quality Management Partner (QMP) responsible for QMS oversight.
- bullet Quarterly QC/QMS management meetings.
- bullet Written job descriptions for all partners regarding technical and QC responsibilities.
- bullet Annual training on new standards and firm policies.

5. Relevant Ethical Requirements

Quality Objectives

- bullet The firm maintains independence for all attest engagements.
- bullet Personnel understand and comply with ethical requirements (AICPA Code of Conduct).
- bullet Independence threats are identified and addressed.

Quality Risks Identified

- bullet Incomplete independence confirmations.
- bullet Employees not consistently reporting new financial interests.

Responses

- bullet Annual independence questionnaire for all personnel.
- bullet Engagement-level independence evaluation documented in every A/C form.
- bullet Partner requirement to disclose new investments within 30 days.
- bullet Use of an independence log maintained by the QMP.

6. Acceptance & Continuance of Clients & Engagements

Quality Objectives

- bullet Only clients that do not pose unacceptable risk are accepted.
- bullet Engagements are only continued when the firm can meet ethical and quality requirements.

Quality Risks

- bullet Taking on clients with weak records or governance issues.
- bullet Insufficient staffing to achieve quality.
- bullet Engagement acceptance decisions made without full review.

Responses

- bullet Required Acceptance & Continuance Form for every engagement.
- bullet Managing Partner or PIC must approve acceptance of all clients.
- bullet QMP review required for first-year audits and EBP engagements.
- bullet Annual reevaluation of all attest clients.

7. Engagement Performance

Quality Objectives

- bullet Engagements comply with applicable professional standards.
- bullet Engagement teams have the competence and supervision needed.
- bullet Significant judgments and consultations are documented.

Quality Risks

- bullet Staff turnover leading to inconsistent supervision.
- bullet Inconsistent use of engagement software.
- bullet Deadlines leading to insufficient review.

Responses

- bullet Mandatory use of Thomson Reuters Engagement Manager, Guided Assurance and PPC.
- bullet Standardized review notes and sign-off requirements.
- bullet Required technical consultation for complex areas (leases, revenue, business combinations).
- bullet Engagement planning memo required for all audits and reviews.
- bullet Managing Partner or PIC review of all significant risks.

8. Resources

Quality Objectives

- bullet The firm maintains adequate and competent staffing.
- bullet Technology tools support high-quality engagements.
- bullet External specialists are evaluated for competence and reliability.

Quality Risks

- bullet Staffing in audit.
- bullet Outdated templates or software.

Responses

- bullet Annual staffing plan.
- bullet Annual review and update of software.
- bullet Ongoing investment in Engagement Manager, ShareFile, and security systems.
- bullet Documentation of evaluations for specialists.

9. Information & Communication

Quality Objectives

- bullet The firm communicates quality expectations to all personnel.
- bullet The firm maintains systems to share critical information (standards, risks, training).

Quality Risks

- bullet Partners working in different offices without consistent messaging.
- bullet Staff unaware of new standards or QC updates.

Responses

- bullet Quarterly QC bulletins to all staff.
- bullet Firmwide Teams/ShareFile folder for standards updates.
- bullet Annual training for all personnel on new standards.
- bullet Required documentation of communications regarding significant issues.

10. Risk Assessment Process

Quality Objectives

- bullet The firm identifies and assesses quality risks at least annually for every engagement and updated in software.
- bullet Risks are linked to quality objectives and responses.

Responses

- bullet Annual QMS Risk Assessment meeting led by QMP.
- bullet Identification of new risks related to technology, staffing, client mix, and standards.
- bullet Annual revision of quality objectives and responses.

11. Monitoring & Remediation

Quality Objectives

- bullet The firm monitors its QMS to ensure it is operating effectively.
- bullet Deficiencies are identified, investigated, and remediated.
- bullet Root cause analysis is performed.

Responses

- bullet Annual cold review (internal or external).
- bullet Tracking of engagement deficiencies.
- bullet Root cause analysis for recurring issues.
- bullet Written remediation plans with deadlines.
- bullet Annual QMS Compliance Report prepared by the QMP.

12. Engagement Quality Reviews (QM Section 20)

Quality Objectives

- bullet EQR is performed when required and completed before report release.
- bullet EQR reviewers are objective and qualified.

Engagements Requiring EQR:

- bullet All audits
- bullet All EBP audits
- bullet First-year audits or high-risk engagements
- bullet Attest work identified as high-risk

Responses

- bullet EQR checklist for each engagement.
- bullet Reviewer independent of the engagement team.
- bullet Documentation retained in the engagement binder.

CLOSING

13. Annual Evaluation of the System of Quality Management

The firm evaluates the QMS annually, including:

- bullet Objectives

- bullet Risks

- bullet Responses

- bullet Monitoring results

- bullet Remediation actions

A written report is prepared and approved by partners.

14. Documentation Requirements

The firm documents:

- bullet Quality objectives
- bullet Risks
- bullet Responses
- bullet Monitoring procedures
- bullet Deficiencies and remediation
- bullet Annual evaluation