

ISQM Implementation Initiative - 2022

Working paper to make notes on during workshops

Quality Objective (As per ISQM 1 or identified by firm)	Risks identified	Assessment of risk (In the absence of controls)		Level of risk (L,M,H)	Detail of Response (where required)	Owner	Link to relevant policy / procedure /document	Other*
		Possibility of occurrence (L,M,H)	Significance of effect (L,M,H)					
Risk Assessment Process								
Governance and Leadership								
a) The firm demonstrates a commitment to quality through a culture that exists throughout the firm, which recognizes and reinforces: (i) The firm’s role in serving the public interest by consistently performing quality engagements; (ii) The importance of professional ethics, values and attitudes; (iii)The responsibility of all personnel for quality relating to the performance of engagements or activities within the system of quality								

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management, and their expected behavior; and (iv)The importance of quality in the firm's strategic decisions and actions, including the firm's financial and operational priorities								
b) Leadership is responsible and accountable for quality.								
c) Leadership demonstrates a commitment to quality through their actions and behaviors.								
d) The organizational structure and assignment of roles, responsibilities and authority is appropriate to enable the design, implementation and operation of the firm's system of quality management.								
e) Resource needs, including financial resources, are planned for and resources are obtained, allocated or assigned in a manner that is consistent with the firm's commitment to quality.								

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Relevant Ethical Requirements								
a) The firm and its personnel: (i) Understand the relevant ethical requirements to which the firm and the firm's engagements are subject; and (ii) Fulfill their responsibilities in relation to the relevant ethical requirements to which the firm and the firm's engagements are subject.								
b) Others, including the network, network firms, individuals in the network or network firms, or service providers, who are subject to the relevant ethical requirements to which the firm and the firm's engagements are subject: (i) Understand the relevant ethical requirements that apply to them; and (ii) Fulfill their responsibilities in relation to the relevant ethical requirements that apply to them.								

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Acceptance and Continuance of Client Relationships and Specific Engagements								
a) Judgments by the firm about whether to accept or continue a client relationship or specific engagement are appropriate based on: (i) Information obtained about the nature and circumstances of the engagement and the integrity and ethical values of the client (including management, and, when appropriate, those charged with governance) that is sufficient to support such judgments; and (ii) The firm's ability to perform the engagement in accordance with professional standards and applicable legal and regulatory requirements.								
b) The financial and operational priorities of the firm do not lead to inappropriate judgments about whether to accept or continue a client relationship or specific engagement.								

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Engagement Performance								
a) Engagement teams understand and fulfill their responsibilities in connection with the engagements, including, as applicable, the overall responsibility of engagement partners for managing and achieving quality on the engagement and being sufficiently and appropriately involved throughout the engagement.								
b) The nature, timing and extent of direction and supervision of engagement teams and review of the work performed is appropriate based on the nature and circumstances of the engagements and the resources assigned or made available to the engagement teams, and the work performed by less experienced engagement team members is directed, supervised and reviewed by more experienced engagement team members.								
c) Engagement teams exercise appropriate professional judgment and, when applicable								

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to the type of engagement, professional skepticism.								
d) Consultation on difficult or contentious matters is undertaken and the conclusions agreed are implemented.								
e) Differences of opinion within the engagement team, or between the engagement team and the engagement quality reviewer or individuals performing activities within the firm’s system of quality management are brought to the attention of the firm and resolved.								
f) Engagement documentation is assembled on a timely basis after the date of the engagement report, and is appropriately maintained and retained to meet the needs of the firm and comply with law, regulation, relevant ethical requirements, or professional standards.								

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Resources								
Human Resources								
a) Personnel are hired, developed and retained and have the competence and capabilities to: (i) Consistently perform quality engagements, including having knowledge or experience relevant to the engagements the firm performs; or (ii) Perform activities or carry out responsibilities in relation to the operation of the firm’s system of quality management.								
b) Personnel demonstrate a commitment to quality through their actions and behaviors, develop and maintain the appropriate competence to perform their roles, and are held accountable or recognized through timely evaluations, compensation, promotion and other incentives.								

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c) Individuals are obtained from external sources (i.e., the network, another network firm or a service provider) when the firm does not have sufficient or appropriate personnel to enable the operation of firm's system of quality management or performance of engagements.								
d) Engagement team members are assigned to each engagement, including an engagement partner, who have appropriate competence and capabilities, including being given sufficient time, to consistently perform quality engagements.								
e) Individuals are assigned to perform activities within the system of quality management who have appropriate competence and capabilities, including sufficient time, to perform such activities.								
Technological Resources								
f) Appropriate technological resources are obtained or developed, implemented.								

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maintained, and used, to enable the operation of the firm's system of quality management and the performance of engagements.								
Intellectual Resources								
g) Appropriate intellectual resources are obtained or developed, implemented, maintained, and used, to enable the operation of the firm's system of quality management and the consistent performance of quality engagements, and such intellectual resources are consistent with professional standards and applicable legal and regulatory requirements, where applicable.								
Service Providers								
h) Human, technological or intellectual resources from service providers are								

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appropriate for use in the firm’s system of quality management and in the performance of engagements, taking into account the quality objectives in paragraph 32 (d),(e),(f) and (g).								
Information and Communication								
a) The information system identifies, captures, processes and maintains relevant and reliable information that supports the system of quality management, whether from internal or external sources.								
b) The culture of the firm recognizes and reinforces the responsibility of personnel to exchange information with the firm and with one another.								
c) Relevant and reliable information is exchanged throughout the firm and with engagement teams, including: (i) Information is communicated to personnel and engagement teams, and the nature,								

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timing and extent of the information is sufficient to enable them to understand and carry out their responsibilities relating to performing activities within the system of quality management or engagements; and (ii)Personnel and engagement teams communicate information to the firm when performing activities within the system of quality management or engagements.								
d) Relevant and reliable information is communicated to external parties, including: (i) Information is communicated by the firm to or within the firm’s network or to service providers, if any, enabling the network or service providers to fulfill their responsibilities relating to the network requirements or network services or resources provided by them; and (Ref: Para. A113) (ii) Information is communicated externally when required by law, regulation or professional standards, or to support external parties’ understanding of the system of quality management.								
Monitoring and Remediation Process								

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***For example:**

- Frequency of control
- Automated / Manual control
- Preventative / Detective control
- Dates – implementation of control, monitoring of control
- Resources required for response – experts, technology etc.

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