ISQM Implementation Initiative - 2022

Working paper to make notes on during workshops

Quality Objective	Example risks identified	Assessm	ent of risk	Level of	Detail of Example Response
(As per ISQM 1 or identified by firm)		(In the absen	ce of controls)	risk	(where required)
		Possibility Significance		(L,M,H)	
		of	of effect		
		occurrence	(L,M,H)		
		(L,M,H)			
	Information and	Communicatio	on		
a) The information system identifies, captures,	Risk 1				Response
processes and maintains relevant and	There is a risk that the firm's				
reliable information that supports the system	system will not be effective			Low	As the level of this risk
of quality management, whether from	when it comes to identifying,				assessed to be low, it does r
internal or external sources.	capturing, processing or				require a response. It w
	maintaining relevant and				however be prudent if the risk
	reliable information that				reviewed and considered in th
	supports the SOQM				partners meeting at least eve
	whether internally or				three months, to ensure th
	externally.				you can and will respond to an
					changes in this regard.
				Medium	- Regular testing of th
					system by the firm (e.g
					system audits)
					- Regularly test the validity
					information collecte
					against third party system
					or external data (e.g
					CIPC).

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				High	 Regular review and updates of firm's systems (including policies, manuals or IT) Make use of external data collection or verification companies where necessary Integrate firm system with current technology to reduce manual inputs as far as possible thus reducing the rate of human error in capturing or processing data. Over and above the responses above: Consider developing or purchasing a more reliable system.
b) The culture of the firm recognizes and reinforces the responsibility of personnel to exchange information with the firm and with one another.	Risk 1 Staff feel that they would be seen as complaining when raising risks.			Low	Response As the level of this risk is assessed to be low, it does not require a response. It will however be prudent if the risk is reviewed and considered in the partners meeting at least every three months, to ensure that

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					you can and will respond to any changes in this regard.
				Medium High:	Management/partner(s) should ensure that staff understand the purpose of the risk management exercise and find ways to encourage participation. Over and above the responses
				nigii.	<u>above:</u> Develop a system for anonymous reporting of issues Or Create an incentive reward programme for the best risk identified for the quarter.
 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, 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 	<u>Risk 1</u> Update to client acceptance and continuance evaluation is unclear resulting in new requirements not being adhered to.			Low	<u>Response</u> As the level of this risk is assessed to be low, it does not require a response. It will however be prudent if the risk is reviewed and considered in the partners meeting at least every three months, to ensure that you can and will respond to any changes in this regard.

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				Medium	 Technical memo prepared and issued to personnel, setting out the new requirements arising from changes to e.g., IRBA Code of Conduct with detailed explanation of procedures to be performed to comply with the new requirements prior to effective date of amendments Over and above the responses above: Update and issue of new client acceptance continuance template with application guidance.
(ii)Personnel and engagement teams communicate information to the firm when performing activities within the system of quality management or engagements.	<u>Risk 2</u> Deficiencies identified during an engagement in the firm's QM documentation is not communicated to the QM department.			Low	<u>Response</u> As the level of this risk is assessed to be low, it does not require a response. It will however be prudent if the risk is reviewed and considered in the partners meeting at least every

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		Possibility of occurrence (L,M,H)	Significance of effect (L,M,H)	(L,M,H)	
					three months, to ensure that you can and will respond to any changes in this regard.
				Medium	Formal feedback to be incorporated in all training to facilitate QMS improvements that need to be actioned.
				High	Over and above the responses above: Firm issues bi-annual surveys regarding its QM documentation and any deficiencies therein.
 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' guilting and the service of service of the service of the service of the service of the service of service of the service of service of the service of service	<u>Risk 1</u> Relevant and reliable information is not exchanged throughout the firm or within the firm's network or service providers and the sources used to communicate are not adequate. (This risk is more prevalent where there is a lack of communication within the firm or the firm's network or			Low	ResponseAs the level of this risk is assessed to be low, it does not require a response. It will however be prudent if the risk is reviewed and considered in the partners meeting at least every three months, to ensure that you can and will respond to any changes in this regard.•Anonymous feedback is
understanding of the system of quality management.	firm or the firm's network, or personnel feel that they				given annually through upward reviews.

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			ce of controls)	risk (L,M,H)	(where required)
		Possibility of occurrence (L,M,H)	Significance of effect (L,M,H)		
	may be reprimanded or victimised if they give honest feedback.)				 There is an opportunity the provide feedback and inputs anonymously on a ongoing basis using specific channels of communication. There is top-to-bottor communication of the SOQM and the responsibilities of personnel during training of meetings at least annually. The importance of communication of the importance of communication of the solution of the soluti
				High	Over and above the response above: • Send out surveys on quarterly basis to partie

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		occurrence	(L,M,H)		
		(L,M,H)			
	Risk 2 Reportable irregularities are not identified and communicated.			Low	 external to the firm to obtain suggestions for additional or improved avenues of communication to ensure that relevant and reliable information is exchanged. <u>Response</u> As the level of this risk is assessed to be low, it does not require a response. It will however be prudent if the risk is reviewed and considered in the partners meeting at least every three months, to ensure that you can and will respond to any changes in this regard. A formal process is followed when a reportable irregularity is suspected or identified.
					 Relevant personnel ar trained annually t understand what
					reportable irregularity an the process is to b followed should it b
					identified or suspected.

Quality Objective Exa (As per ISQM 1 or identified by firm) Exa	Example risks identified	Assessment of risk		Level of	Detail of Example Response
		(In the absen	ce of controls)	risk	(where required)
		Possibility of occurrence (L,M,H)	Significance of effect (L,M,H)	(L,M,H)	
					 A list of all the identifier reportable irregularities i maintained on an ongoing basis with conclusions and the reporting process. The list is monitored regularly the follow up on the reporting process and updated once based on the outcome of the matter. Each employee signs a declaration annually that they understand their role and responsibility the communicate and report areportable irregularity. A working paper i completed at the engagement level as pair of the assessment of the reportable irregularity a and when it occurs. Firm templates and vehicles and IRBA (in the case of independent review engagements) if or when occurs

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				risk	(where required)
		Possibility of occurrence (L,M,H)	Significance of effect (L,M,H)	(L,M,H)	
				High	Over and above the responses above: Send out surveys on a quarterly basis to personnel to obtain suggestions for additional or improved methods to communicate reportable irregularities.
	Risk 3 Policies and procedures are not in place to provide personnel with guidelines regarding communication within the firm and to external parties, when required.			Low	Response As the level of this risk is assessed to be low, it does not require a response. It will however be prudent if the risk is reviewed and considered in the partners meeting at least every three months, to ensure that you can and will respond to any changes in this regard.
				Medium	Communication policies and procedures are designed and implemented, and the relevant personnel are trained on the policies and procedures on an annual basis.
				High	Over and above the responses above: Send out surveys on a quarterly basis to personnel and parties external to the firm to obtain suggestions for improved or

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		of	of effect		
		occurrence	(L,M,H)		
		(L,M,H)			
					additional methods to communicate the policies to ensure quality is a culture throughout.

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