

## ISQM Implementation Initiative - 2022

Working paper to make notes on during workshops

Quality Objective (As per ISQM 1)	Example risks identified	Assessment of risk (In the absence of controls)		Level of risk (L,M,H)	Detail of example response (where required)
		Possibility of occurrence (L,M,H)	Significance of effect (L,M,H)		
<b>Human Resources</b>					
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>Risk 1</b> Employees are <b>NOT hired, developed, and retained</b> in line with the firm's strategy, client portfolio and future engagements			<b>Low</b>	<b>Response to risk 1</b> As the level of this risk is assessed to be low, <b>it does not require a response</b> . 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 the strategy, resource pool and future requirements of the firm.
				<b>Medium</b>	The firm will develop, implement and regularly update a strategic <b>recruitment, training, remuneration and incentive policy</b> to attract the right caliber of employees before certain engagements are accepted and / or continued with.

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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.					
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.	<b>Risk 1</b> Engagements are scheduled when you <b>do not have sufficient time</b> to perform quality engagements, be it due to client pressures or own business considerations.			<b>Low</b>	<b>Response to risk 1</b> As the level of this risk is assessed to be low, <b>it does not require a response.</b> It will however be prudent if the risk is reviewed and considered in the partners meeting at least every three months.

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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.					
<b>Technological Resources</b>					
f) Appropriate technological resources are obtained or developed, implemented, maintained, and used, to enable the operation of the firm's system of quality management and the performance of engagements.	<u><b>Risk 1</b></u> The technological resources used by the firm are <b>not appropriate</b> for its function and <b>personnel are not aware</b> of which			<b>Low</b>	<u><b>Response to risk 1</b></u> As the level of this risk is assessed to be low, <b>it does not require a response</b> . It will however be prudent if the risk is reviewed and considered in the

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	technological resources to use.			Medium	<p>partners meeting at least every three months, to ensure that you can and will respond to any changes in the strategy, resource pool and future requirements of the firm.</p> <ol style="list-style-type: none"> <li>1. <b>Assess</b> upon implementation, as well as at least annually during the monitoring and remediation phase, that the technological resources can: <ol style="list-style-type: none"> <li>1.1. Be used in the design, implementation and operation of the SOQM.</li> <li>1.2. Be used by engagement teams in the performance of engagements.</li> <li>1.3. Enable the effective operation of the IT applications, IT infrastructure and IT processes supporting the IT application.</li> </ol> </li> <li>2. The IT manager considers, on an ongoing basis, the following when obtaining,</li> </ol>



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	<p><b>Risk 2</b> The personnel do not know how to use the resources and the technological resources may be <b>used incorrectly</b> resulting in incorrect judgements and conclusions due to inappropriate reliance on technological resources.</p>			<p>problems were encountered.</p> <p><b>Response to risk 2</b> As the level of this risk is assessed to be low, <b>it does not require a response</b>. 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 the strategy, resource pool and future requirements of the firm</p> <p><b>Low</b></p> <p><b>Medium</b></p> <ol style="list-style-type: none"> <li><b>Training</b> is provided to all personnel on existing, new or updated technological resources</li> <li><b>Written communication</b> is sent out to the personnel when the technological resources are updated or modified.</li> <li>The engagement partner ensures that engagement teams <b>do not place undue reliance</b> on technological resources by evaluating all</li> </ol>	

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<b>Intellectual Resources</b>					
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	<b>Risk 1</b> The intellectual resources used by the firm are <b>not appropriate</b> for its function and personnel <b>are not aware</b> of which			<b>Low</b>	<b>Response to risk 1</b> As the level of this risk is assessed to be low, <b>it does not require a response</b> . It will however be prudent if the risk is reviewed and considered in the partners meeting at least every

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		with professional standards and applicable legal and regulatory requirements, where applicable.	intellectual resources to use.		

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	<p><b>Risk 2</b> The personnel do not know how to use the resources and the</p>			<p><b>High</b></p> <p>procedures and methodologies that are aligned to the professional standards and applicable laws and regulatory requirements, and whether they are using the <b>most appropriate</b> intellectual resources.</p> <p><u>Over and above the responses above:</u></p> <ol style="list-style-type: none"> <li><b>Increased</b> level of partner or senior manager <b>involvement</b> to ensure sufficient guidance is provided at all times to effectively and efficiently utilise these resources.</li> <li><b>Review</b> of the work to ensure the resource was correctly utilised and <b>coaching</b> provided to improve levels of understanding where problems were encountered.</li> </ol> <p><b>Low</b></p> <p><u>Response to risk 2</u> As the level of this risk is assessed to be low, <b>it does not require a response.</b> It will</p>	

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	resources may be used incorrectly resulting in incorrect judgements and conclusions due to inappropriate reliance on intellectual resources.			Medium	<p>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 the strategy, resource pool and future requirements of the firm.</p> <ol style="list-style-type: none"> <li>1. <b>Training is arranged for personnel</b> to attend when new resources are implemented or when resources are updated.</li> <li>2. <b>Written communication</b> is sent out to the personnel when the resources update or change.</li> <li>3. For each engagement, the engagement partner ensures that engagement teams do <b>not place undue reliance</b> on intellectual resources by evaluating all conclusions made based on information provided by these resources. (The firm's policies and procedures and methodologies are followed. However, the use of intellectual resources, </li></ol>

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<b>Service Providers</b>					
h) Human, technological or intellectual resources from service providers are 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).					



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