



Introductory Guide to International Standard on Quality Management (ISQM) (UK) 1

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Contents

Purpose of guide	4
What are the new standards and when do they become effective	4
Scope of ISQM (UK) 1	4
Comparison of ISQM (UK) 1 versus ISQC (UK) 1	5
Objective of ISQM (UK) 1 – what are we trying to achieve?	6
Responsibility and accountability	6
Risk assessment process	6
What quality objectives does ISQM (UK) 1 require?	6
Identifying Quality Risks associated with those Quality Objectives	7
Examples of Risks	8
Conducting the Risk Assessment on those Quality Risks	11
Implementing Quality Responses to the Quality Risks	11
Standback	12
Keeping the SOQM up to date	12
Monitoring and remediation	12
Monitoring activities	13
Remediation activities	14
Evaluation	15
Documentation	15
Service Providers	16

Purpose of guide

This guide is intended to highlight certain key elements of International Standard on Quality Management (ISQM) (UK) 1 and is not a comprehensive discussion of the requirements of the standard.

Members are advised to read the [standard](#) and may find '[ISQM 1 First-time Implementation Guide](#)', non-authoritative guidance produced by the International Auditing and Assurance Standards Board (IAASB) to be useful, although please bear in mind that this is international guidance and that there are additional UK requirements that need to be considered (shown in grey in the UK standard).

What are the new standards and when do they become effective?

The new quality management standards are comprised of:

- International Standard on Quality Management (ISQM) (UK) 1 '[Quality Management For Firms That Perform Audits Or Reviews Of Financial Statements, Or Other Assurance Or Related Services Engagements](#)';
- ISQM (UK) 2 '[Engagement Quality Reviews](#)'.

International Standard on Auditing (ISA) (UK) 220 (Revised July 2021) '[Quality Management for an Audit of Financial Statements](#)' deals specifically with quality management at the audit engagement level and forms the final piece of the new quality management standards package.

ISQM (UK) 1 has an effective date of 15 December 2022 and ISQM (UK) 2 and ISA 220 (Revised July 2021) are effective for periods commencing on or after 15 December 2022. They replace International Standard on Quality Control (ISQC) (UK) 1.

Scope of ISQM (UK) 1

ISQM (UK) 1 applies to firms that perform:

- (a) Audits of financial statements undertaken in compliance with International Standards on Auditing (UK);
- (b) Reporting accountant engagements in connection with an investment circular;
- (c) Reviews of interim financial information by the independent auditor of the entity (International Standard on Review Engagements (UK) 2410 (Revised May 2021));
- (d) Engagements to provide assurance on client assets to the Financial Conduct Authority; and
- (e) Assurance engagements specified by the FRC as 'public interest assurance engagements' performed in accordance with International Standard on Assurance Engagements (UK) (ISAE (UK))

Therefore, whilst it applies to ALL audits, only review engagements of a more public interest nature in the UK are, therefore, within scope.

Comparison of ISQM (UK) 1 versus ISQC (UK) 1

There is a move from a compliance-based approach under ISQC (UK) 1 to a risk-based approach under ISQM (UK) 1. ISQM (UK) 1 requires a firm to introduce a System Of Quality Management ('SOQM').

This needs to be tailored specifically to the firm in question to reflect each firm's unique nature and circumstances (called 'conditions, events, circumstances, actions or inactions' in the standard). A sole practitioner with no or few staff and a relatively simple audit client base, is likely to face very different risks to a larger firm, with many Responsible Individuals ('RIs') and a more complex audit client base.

Even where similar risks are faced by different firms, the impact on each firm will be unique to that firm. For example, during 2020-22 every firm in the UK would have faced COVID-related risks, but the impact of the pandemic on each firm and how each firm reacted to those risks would have been unique to that firm.

Due to this need to tailor your SOQM to your firm's own unique circumstances, the use of any standard commercial quality management package, without any tailoring, will fail to meet ISQM (UK) 1's requirements, although the package could still play a key part of a firm's SOQM.

The components of a SOQM are also different in the standard compared to the previous components of the system of quality control in ISQC (UK) 1. The comparison below identifies the main differences.

ISQC(UK) 1	ISQM (UK) 1
	Risk assessment
Leadership	Governance and leadership
Relevant ethical requirements	Relevant ethical requirements
Acceptance and continuance	Acceptance and continuance
Engagement performance	Engagement performance
Human resources	Resources
	Information and communications
Monitoring	Monitoring and remediation

	New component
	Expansion of existing component

As can be seen, certain components of the SOQM have been widened e.g. 'leadership is now governance and leadership' so looks at the firm's governance in more detail, "human resources" has changed to "resources" which includes all the resources in the firm that impact audits and (the in-scope) review engagements, including technological resources.

Additionally, the new requirements under monitoring and remediation are also far more comprehensive in nature and focus on what the firm is doing to respond to upcoming changes in events and conditions and in resolving deficiencies in its SOQM, identified on monitoring visits and from its own (and any network) compliance reviews.

However, the biggest single change is the inclusion of the risk assessment process at the heart of a firm's SOQM. This should not provide any problems to audit firms as they are well used to undertaking risks assessments as part of their audits of audited entities.

The other major revision is the inclusion of information and communication, including both internal and external communications from the firm.

Objective of ISQM (UK) 1– what are we trying to achieve?

The SOQM is intended to ensure that a firm performs quality audits (and other in scope engagements). It should provide reasonable assurance (not absolute) that this is the case. Firms are used to auditing their clients. In terms of quality management, the firm needs to adopt this mindset and approach and apply it internally. A firm is in-effect auditing itself.

Responsibility and accountability

Deliberately, to help ensure that a firm exhibits the right tone at the top, ultimate responsibility rests with the firm's managing partner, CEO or Managing Board. This is to ensure that responsibility rests with the very top of the leadership chain and helps to emphasise the importance that a firm must place on its SOQM.

Whilst ultimate responsibility sits at the very top, operational responsibility for the SOQM may be delegated to the Audit Compliance Partner.

Additionally, others in the firm may be delegated responsibility for specific aspects of the SOQM e.g. human resources, ethics etc.

Risk assessment process

This is the fundamental lynchpin of the new quality management approach.

The first stage of this is to establish the firm's Quality Objectives.

ISQM (UK) 1 establishes several of these. For many small firms the mandated Quality Objectives in the standard may be sufficient for a firm's SOQM, but of course this depends on matters such as the nature of the firm and the types of entities that it audits. Depending on the specific facts and circumstances of the firm, the firm may need to add to these.

What Quality Objectives does ISQM (UK) 1 require?

	Quality Objective	Purpose of Quality Objective	Where are they in the standard?
1	Governance and Leadership	These establish the environment that supports the system of quality management: They include that leadership is responsible and accountable for quality.	Para 28
2	Relevant Ethical Requirements	These address the fulfilment of responsibilities in accordance with relevant ethical requirements, including those related to independence.	Para 29
3	Acceptance and Continuance of Client Relationships	These address the acceptance and continuance of client relationships and specific engagements.	Para 30

	and Specific Engagements		
4	Engagement Performance	These address the performance of quality Engagements and cover matters such as: • Engagement teams understand and fulfil their responsibilities in connection with the engagements. • 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. • Engagement teams exercise appropriate professional judgment and, when applicable to the type of engagement, professional scepticism. • Consultation on difficult or contentious matters is undertaken and the conclusions agreed are implemented. • Differences of opinion are brought to the attention of the firm and resolved. • Engagement documentation is assembled timeously and is appropriately maintained and retained.	Para 31
5	Resources	These address appropriately obtaining, developing, using, maintaining, allocating and assigning resources in a timely manner to enable the design, implementation and operation of the SOQM. These include: • Human Resources; • Technological Resources; • Intellectual Resources; and • Service Providers.	Para 32
6	Information and Communication	These address obtaining, generating or using information regarding the SOQM, and communicating information internally and to external parties on a timely basis to enable the design, implementation and operation of the SOQM.	Para 33

Whilst ISQM (UK) 1 views the above as being comprehensive a firm has to consider whether it requires any additional quality objectives.

Identifying Quality Risks associated with those Quality Objectives

The second stage in the SOQM, is identifying the Quality Risks that may prevent the firm from achieving its Quality Objectives.

ISQM (UK) 1 does not specify Quality Risks. Rather it requires a firm to determine those Quality Risks that may adversely affect the achievement of the Quality Objectives. Such Quality Risks will relate to the:

- (i) nature and circumstances of the firm (e.g. its level of complexity, operating characteristics, business model, characteristics and management style of leadership, resources including those from service providers, law, regulatory environment and where applicable network related matters).
- (ii) nature and circumstances of the engagements performed by the firm (e.g. types of engagements and types of entities e.g. public interest entities, and specialised audits such as pension schemes).

Not all risks need to be identified, but rather those that have a reasonable possibility of:

- (i) occurring (i.e. this looks at the **likelihood**); and
- (ii) individually, or in combination with other risks, adversely affecting the achievement of one or more quality objectives (i.e. this looks at the **impact**).

The firm is also required to take into account how, and the extent to which, the conditions, events, circumstances, actions or inactions of such matters (listed in (i) and (ii)) may adversely affect the achievement of the Quality Objectives.

Properly assessing the Quality Risks is crucial in this exercise. The aim is to identify **what could go wrong** i.e. matters that could prevent the firm from meeting its Quality Objectives.

Consideration should be given to holding an internal meeting of appropriate personnel to seek to give a holistic consideration to risk identification and assessment. Those attending should be asked for their views on the risks that they perceive to the Quality Objectives that the firm has established. The matters listed in paragraph 25 of ISQM (UK) 1 may provide a useful springboard for generating discussion.

Where the firm relies on third parties for resources which impact the SOQM, called Service Providers, the risks associated with the Service Provider and their resources need to be considered. Firms are expected to contact their Service Providers to obtain sufficient information to be able to assess their Quality Risks – more detail is covered later in this guidance. Where a Service Provider has produced a risk assessment template this may be used to assist in this process.

The risk identification and assessment stage is the most difficult part of establishing the SOQM but example risks have been provided below to help firms start their thought processes.

Consideration can also be given to purchasing a commercial ISQM (UK) 1 product as a number of products have libraries of risks that can assist firms. As mentioned previously, if a commercial product is adopted it is vital that the objectives, risks and responses are tailored to the firm's circumstances.

Examples of Risks

This section includes some examples of typical risks that could be identified for the different components of a SOQM. This has been provided to help kick-start firms in thinking about their risks but is not a full list of all possible risks.

Example Risk assessment risks:

- Personnel do not understand how to conduct an effective risk assessment.
- Objectives / Risks / Responses are missed.
- Risk assessments are not conducted effectively.
- Identified responses do not mitigate the Risks.
- The SOQM is not reactive to changes in circumstances, events or conditions of the firm.

Example Governance and leadership risks:

- Commercial decisions in the firm are more important than quality management.
- Growth plans do not take into account quality management.
- Firm's culture/leadership does not focus on quality or ethics.
- Leadership is stretched.
- Quality management is not exercised when firms are acquired or merged into the practice.

Example Client Acceptance/continuance risks:

- Decisions to accept clients are commercially driven rather than quality driven.
- Accepting clients where the firm does not have the competence, experience or skills to conduct the work.
- Accepting clients which are of a specialist nature, where insufficient specialist experience exists in the firm.
- Accepting clients with limitations in audit scope which have not been resolved before accepting the audit.
- Accepting clients who are money laundering or terrorist financing risks.
- Accepting clients where there are integrity concerns.
- Accepting clients without having sufficient resources to conduct the engagement appropriately.

Example Ethical risks:

- Taking on clients in breach of Ethical Standards.
- Audit and (in scope) review engagements with self-review, self-interest, advocacy, familiarity or intimidation threats.
- Conducting prohibited non-audit services for audit clients.
- Fee dependence.
- Long association.
- Failing to identify ethical breaches or threats to independence.
- Failing to remediate ethical breaches.

Example Engagement performance risks:

- Charging too low an audit fee.
- Cutting corners in order to cover the fee/make a profit.
- Ineffective audit staffing e.g. ineffective staff combinations; weaker staff; insufficient numbers of staff.
- Partners not directing, supervising and controlling audits.
- Tight deadlines.
- Unrealistic time budgets.
- Partners under pressure due to volume of work.
- Changes in standards/requirements are overlooked.
- Consultations are not conducted on a timely basis, or are rushed.
- Consultations do not take place when they should.
- Legal and regulatory requirements are not met.
- Audit files not closed down on time.
- Documentation issues.

- ISAs are breached.
- EQR reviews are missed.
- EQR reviewers are not appointed, not competent, or ineffective.
- Missed audit report qualifications/modifications.
- The audit opinion is not supported by sufficient, appropriate audit evidence.
- Clients' complaints or allegations in relation to poor audit work.
- Regulators' findings or investigations into poor audit work.

Example Human resources risks (Recruitment; Behaviour; Understanding; Role Allocation; Competence; Learning and Development):

- Inability to recruit /lack of personnel.
- Lack of succession planning.
- New employees are not vetted properly.
- Personnel don't have integrity, competence, authority, experience for role.
- Behavioural: Personnel lack professional scepticism/struggle with judgement.
- Partners are not taking responsibility for audits.
- Personnel do not understand their roles.
- Personnel do not understand the requirements (e.g. ISAs (UK), ISQM (UK) 1, ethics, financial reporting, specialism requirements).
- Learning and development insufficient, or ineffective or slow to respond to changes.
- Advancement/reward not taking into account quality.

Example Other Resource risks:

- Technical resources are out of date.
- Service Providers too slow in releasing updates.
- Lack of technical resources supporting firm.
- Lack of up to date technology.
- Network resources inadequate for firm.
- The personnel do not understand how to use the resources.
- The personnel do not apply the resources appropriately to the engagement.

Example Information and Communication risks:

- Firm's policies and procedures, culture etc. are not clearly communicated to staff/not timely.
- Requirements (ethical, ISAs (UK), ISQM (UK) 1 etc) not clearly communicated/not timely.
- Results of monitoring not clearly communicated.
- Complaints are not notified to correct person/PII insurer.
- Cooperation or communications with regulator are ineffective, and/or not timely.
- Lack of effective communication with audit clients.
- Changes in the firm's personnel and changes in authorisations and license requirements are not communicated to the regulator on a timely basis.

Example Monitoring & Remediation risks:

- Audit Compliance Review ('ACR') reviewers lack competence/understanding etc.
- Insufficient time and resources dedicated to the ACR.
- Risks of self-review.
- ACR scope ineffective.
- ACR not done/not timely.
- ACR not communicated.
- Root causes of deficiencies are not identified.
- Root causes are not remediated/issue recurs.

- Actions are not tracked.
- No remediation takes place.
- Remediation is too slow etc.

NB: This is not an exhaustive list of all possible risks, but rather is an example of some typical risks only. Each firm must consider whether there are any other risks within their firm. Please also note that not all risks will apply to every firm.

Similarly, firms may choose to pitch their risks at either a more summary level than this or include them at a more granular level.

Conducting the Risk Assessment on those Quality Risks

In addition to risk identification, consideration also needs to be given to assessing the risks to facilitate a determination of the level of response required.

There is therefore merit in considering both the significance and likelihood of the risks concerned at the same time.

The standard is not formulaic as to how to assess the risks, and it states in the application guidance that formal ratings or scores are not required.

However, it may make for a more effective SOQM if you are able to rank or prioritise your risks (similar to a risk register) in order to ensure that priority is given to the risks with the highest combination of likelihood and impact.

Options that firms could consider include:

- Conducting a high, medium, low assessment to impact and likelihood;
- Scoring the impact and likelihood and adding up the combined score for each risk;
- Plotting the risk assessment on a risk matrix (with impact and likelihood as axes on the graph).

Implementing Quality Responses to the Quality Risks

Once Quality Risks are assessed the firm will require to determine the appropriate level of Quality Responses for each of the Quality Risks.

Responses are the firm's policies, procedures and controls in place to prevent or mitigate those risks.

The conceptual framework in the ICAS Code of Ethics requires a professional accountant to:

- (i) Identify threats to compliance with the fundamental ethics principles;
- (ii) Assess the level of any such threats; and
- (iii) Put in place safeguards to reduce the level of any threats to an acceptable level.

The approach demanded in ISQM (UK) 1 is similar. In a firm's SOQM the firm has established its Quality Objectives and identified and assessed the threats to it achieving those objectives, the Quality Risks. The final stage, akin to the safeguards from an ethics perspective is to put in place appropriate responses to the risks identified. These responses are intended to mitigate the risks.

Firms are not starting with a blank piece of paper. As a starting point the firm has the following sources of Responses:

- ISQM (UK) 1 includes mandatory Quality Responses that each firm must have in place. These are set out in para 34 of the standard and must be incorporated into the firm's SOQM.
- Under ISQC (UK) 1, each firm was already required to implement quality control policies and procedures. Firms can, therefore, start by considering their existing policies and procedures and consider whether they provide appropriate levels of mitigation for the Quality Risks identified. At least some of these may still form part of a firm's SOQM.

However, it is essential that the appropriateness of the Quality Responses is not considered until the firm has identified and assessed the Quality Risks. The firm should map the Quality Responses back to the respective Quality Risks. More than one response may be necessary to mitigate a risk or indeed more than one risk may be mitigated by a single response.

Standback

Whilst not required, it is well worth, after completing a first pass at setting up the Quality Objectives, Quality Risks and Quality Responses, standing back and looking at the big picture to try to identify gaps.

This will help identify:

- new Quality Responses that need to be introduced; and
- refinements to existing Quality Responses to ensure that they remain fit for purpose.

A review of any remaining Quality Responses that have not been mapped to Quality Risks identified may either mean that the response is redundant or a related risk has not been identified as part of the risk identification process and now needs to be identified and assessed.

Keeping the SOQM up to date

The purpose of the SOQM is that it is a 'living thing' which helps the firm exercise proactive quality management over their audit practice (and other applicable assurance engagements). This includes anticipating future changes to the firm and considering the impact that they have on Objectives, Risks and Responses.

Consideration therefore needs to be given on an ongoing basis as to whether any new Quality Risks have emerged and need to be mitigated or indeed whether any previous Quality Risks are no longer so. The person with operational responsibility for the SOQM therefore requires to keep the SOQM up to date.

The firm should conduct periodic reviews of its SOQM to ensure that it stays fit for purpose and alive to emerging issues.

Monitoring and remediation

All firms will be familiar with the concept of Monitoring, which was a key requirement in ISQC (UK) 1 and within the ICAS Audit Regulations. With the introduction of ISQM (UK) 1, the importance of monitoring continues but there is now a greater focus on 'Remediation' or rectifying weaknesses identified.

The monitoring and remediation process is the process that:

- provides the firm with relevant, reliable and timely information about the design, implementation and operation of the SOQM; and
- addresses taking appropriate actions to respond to deficiencies to ensure that they are remediated on a timely basis.

The Monitoring and Remediation process under ISQM (UK) 1 is intended to be a non-linear process that operates in a dynamic and iterative manner. It includes:

- A new focus on monitoring the SOQM as a whole (including the Objectives, Risks and Responses);
- A new framework for evaluating findings and identifying deficiencies, and evaluating identified deficiencies; and
- More robust remediation.

The monitoring and remediation process can be broken down into four aspects:

- Design and perform monitoring activities to provide a basis for the identification of deficiencies.
- Evaluate findings and identify and evaluate deficiencies. A firm is required to evaluate the severity and pervasiveness of identified deficiencies by identifying their root cause(s) and to evaluate their effect, individually and aggregate on the SOQM.
- Respond to identified deficiencies.
- Communicate activities performed, findings and remedial actions.

Monitoring activities

The firm monitors the SOQM as a whole. This may include monitoring:

- How responsibilities are assigned to leadership and whether the requirements of ISQM (UK) 1 have been met (i.e. has the CEO/Managing Partner exercised ultimate responsibility?; have those with operational responsibility discharged their duties effectively?);
- The design and operation of the firm's risk assessment process, i.e. how the firm goes about establishing Quality Objectives, identifying and assessing Quality Risks, designing and implementing Quality Responses, and identifying information related to changes in the nature and circumstances of the firm and engagements it performs that may impact the Quality Objectives, Quality Risks or Responses (the monitoring reviewer will therefore have to assess the effectiveness of the Objectives, Risks and Responses process);
- The implementation and operation of the Quality Responses, including whether they properly operate according to how they have been designed and whether the responses effectively address the related Quality Risks (this is not dissimilar to before where policies and procedures were assessed, but now they must be assessed in the context of the firm's risk assessment);
- Whether the firm's monitoring and remediation process is achieving its intended purpose;
- How, where applicable, the firm has addressed network requirements or network services and whether it complies with the requirements of ISQM (UK) 1;
- Leadership's evaluation of the SOQM and whether it has met the requirements of ISQM (UK) 1.

Firms will therefore require to ensure that their monitoring checklists are expanded to reflect all of the above requirements and that monitoring reviewers are suitably familiar with the ISQM (UK) 1 requirements.

Monitoring activities now include the following:

- Inspections of completed engagements. These are one of the monitoring activities required to be performed by ISQM (UK) 1. Inspections of completed engagements, although focused on

engagements, provide information to the firm about the SOQM e.g. are there quality risks that have not been identified by the firm, or whether the assessment of quality risks may need to be modified?

- Inspections of in-process engagements.
- Interviewing firm personnel, or undertaking formal surveys, to assess firm culture.
- Considering the consistency of leadership's communications and messaging, and whether they reflect the firm's values and focus appropriately on quality.
- Checking and evaluating IT applications used for functions related to the SOQM.
- Inspecting documentation and contracts supporting engaging service providers, to determine whether proper consideration was given to whether the service provider was appropriate for use.
- Checking CPD records.
- Inspecting time records for number of hours spent by engagement partners and other senior personnel and assessing the sufficiency of such hours.

An important point to note here is that 'in-flight' reviews can now count, as well as cold-file reviews.

As the monitoring and remediation process plays a key role in the effectiveness of the system, it is important that the firm monitors this process to determine whether it is achieving its intended purpose, i.e.:

- Providing relevant, reliable and timely information about the design, implementation and operation of the SOQM; and
- Taking appropriate actions to respond to identified deficiencies such that deficiencies are remediated on a timely basis.

In small and less complex firms, the firm may have readily available information about whether the monitoring and remediation process is achieving its intended purpose through leadership's knowledge. In such cases, oversight of the monitoring and remediation process may be simple.

The SOQM will continue to evolve over time and feedback generated from the monitoring and remediation process will help to ensure that the system continues to improve over time.

Remediation activities

Firms are now required to conduct 'Root Cause Analysis' over deficiencies identified to identify the underlying cause of the issue, in order to prevent the deficiency from happening again.

There are different mechanisms for conducting 'Root Cause Analysis' and one such recommended method is the 'Five Whys' approach – examples of which are readily available on the internet and will be subject to further ICAS guidance.

Once causes are identified the firm then must identify remedial actions to resolve the underlying causes. Firms should track action plan progress to make sure remediation is timely.

Evaluation

The individual assigned ultimate responsibility and accountability for the SOQM is required to evaluate it at a point in time at least annually. Based on this evaluation they are required to conclude either:

- (a) The SOQM provides the firm with reasonable assurance that the objectives of the system of quality management are being achieved; or
- (b) Except for matters related to identified deficiencies that have a severe but not pervasive effect on the design, implementation and operation of the SOQM, the system provides the firm with reasonable assurance that the system's objectives are being achieved; or
- (c) The SOQM of quality management does not provide the firm with reasonable assurance that the objectives of the system are being achieved.

Where the conclusion is either (b) or (c) then prompt and appropriate action requires to be taken and communicated to:

- (i) Engagement teams and other individuals assigned activities within the SOQM to the extent that it is relevant to their responsibilities; and
- (ii) External parties in accordance with the firm's policies or procedures.

Additionally, the firm is also required to undertake periodic performance evaluations of the individual(s) assigned ultimate responsibility and accountability for the SOQM, and the individual(s) assigned operational responsibility for the system.

Documentation

A firm is required to prepare documentation of its system of quality management that is sufficient to:

- (a) Support a consistent understanding of the system by personnel. This includes an understanding of their roles and responsibilities with respect to the system and the performance of engagements;
- (b) Support the consistent implementation and operation of the responses; and
- (c) Provide evidence of the design, implementation and operation of the responses. This is to support the evaluation of the system by the individual(s) assigned ultimate responsibility and accountability for the SOQM.

To enable this, the firm is required to document various matters including:

- (a) The identification of the individual(s) assigned ultimate responsibility and accountability for the SOQM and operational responsibility for the SOQM.
- (b) The firm's quality objectives and quality risks.
- (c) A description of the firm's responses and how they address the quality risks.
- (d) Evidence of the monitoring activities performed. This includes the evaluation of findings, and identified deficiencies and their related root cause(s). It also includes remedial actions taken to address identified deficiencies and the evaluation of the design and implementation of such remedial actions; and communications about monitoring and remediation.
- (e) The basis for the conclusion on whether the system of quality management provides the firm with reasonable assurance that the objectives of the SOQM are being achieved.
- (f) Independence and objectivity requirements as set out in the relevant ethical requirements.
- (g) Information on audited entities.
- (h) Records of complaints, breaches of professional standards and applicable legal and regulatory requirements (unless minor) etc.

Retention of Documentation

A firm is required to establish a time period for the retention of documentation for the SOQM that is sufficient to enable the firm to monitor the design, implementation and operation of the firm's system, or for a longer period if required by law or regulation.

For audits of financial statements, a firm is required to establish policies and procedures that require retention of audit documentation for a period that is not less than any period necessary to satisfy the requirements of any applicable laws or regulation relating to data protection and to meet the requirements for any applicable administrative and judicial proceedings, and that is in any case not less than six years from the date of the auditor's report.

Service Providers

Service Providers will be used by a number of firms. However, it is important to note that a firm remains responsible for its SOQM irrespective of whether the resources are provided directly through the firm or through a Service Provider.

Consideration of the extent to which Service Providers are utilised as part of a firm's SOQM needs to be given as well as an assessment of the related Quality Risks.

Risk assessment considerations will include but are not limited to:

- The experience, capabilities, and competence of the Service Provider.
- Whether training is provided.
- Whether the technical content of resources and/or training is:
 - appropriately scoped;
 - accurate and complete (e.g. mapped against standards/requirements); and
 - kept up to date.
- Whether the resources are supported by documentation.
- How responsive the Service Provider is to customer feedback/ how the Service Provider makes version improvements.
- The extent of customer support.
- Where the resource is IT related, considerations include: security; GDPR; testing and bug fixes; the responsiveness of IT support; controls; file recovery; version control etc.



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