

Canadian Standard on Quality Management (CSQM 1)

What is it?

CSQM 1 deals with a firm's responsibility for designing and implementing a system of quality management (SQM) moving from a policies-based approach to a risk-based approach. Your firm will be required to customize the design, implementation and operation of its SQM based on the nature, circumstances of your firm and the engagements it performs.



CSQM 1 comprises of:

Eight interrelated components that deal with the key aspects of the SQM:

1. Risk Assessment Process
2. Governance & Leadership
3. Relevant Ethical Requirements
4. Acceptance & Continuation
5. Engagement Performance
6. Resources (HR, Technological, Intellectual)
7. Information & Communication
8. Monitoring and Remediation Process

Other requirements that address specific topics including evaluating the SQM.

Component 1: Risk Assessment Process

CSQM 1 requires the firm to determine a risk assessment process. The purpose of the risk assessment process is to establish quality objectives (*What are you trying to achieve?*), to identify and assess quality risks (*What can go wrong?*) and to design and implement responses (*What are you going to do about it?*).

Component 2-7: "Operating" Components

These are the components that support the operation of the SQM and enable operation of other components. The quality objectives are laid out in each of these components and upon which the risk assessment process is applied.

Component 8: Monitoring and Remediation Process

Your SQM has been designed and implemented, but it is working? The monitoring and remediation process will answer that question as well as help you identify the root cause of an issue if something is not working.

Evaluating the SQM

An evaluation of the SQM is required to be undertaken at least annually at a point in time. Included in the evaluation process is a requirement to perform cyclical file inspections. The evaluation process includes considering the severity and pervasiveness of identified deficiencies and whether remedial actions have been designed and implemented.

When is it effective?

Your firm is required to design and implementation of the SQM by December 15, 2022 for audit, review and other assurance engagements. The evaluation of the SQM is required to be performed within the year following.

Who is responsible?

The standard requires the firm to assign roles related to individual with ultimate responsibility and accountability as well as an individual with operational responsibility. Other roles are to be assigned as needed.









Where do I start?

Read the standard. Assign roles. Brainstorm about risks related to the nature and circumstances of your firm. Gather existing firm resources. Complete the pre-workshop activities. Initial set up of the SQM Toolkit Database.



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System of Quality Management

Component	Its Role	What It Does
	<i>The process to establish your firm's SQM.</i>	Sets out the requirements to implementing a risk-based approach to quality management. Consists of establishing quality objectives, identifying and assessing quality risks, and designing and implementing responses.
	<i>Establishes the environment in which the SQM operates.</i>	Deals with matters such as your firm's culture, leadership responsibility and accountability, your firm's organizational structure, assignment of roles and responsibilities and resource planning and allocation.
	<i>Specific topic fundamental for engagement performance.</i>	Deals with fulfilling relevant ethical requirements by your firm and its personnel. Deals with ethical requirements for network and services providers, if applicable.
	<i>Specific topic fundamental for engagement performance.</i>	Deals with your firm's judgments about whether to accept or continue a client relationship or a specific engagement.
	<i>Specific topic fundamental for engagement performance.</i>	Deals with your firm's actions to support the consistent performance of quality engagements, including direction, supervision and review, consultation and resolving differences of opinion.
	<i>Enables the operation of the other components.</i>	Encompasses technological, intellectual and human resources. Deals with obtaining, developing, maintaining, allocating and assigning these resources in a timely manner.
	<i>Enables the operation of other components.</i>	Deals with obtaining, generating or using information regarding the SQM, and communicating information within your firm on a timely basis to enable the design, implementation and operation of the SQM.
	<i>The process to track the operation of your SQM.</i>	Provides your firm with relevant, reliable and timely information about the design, implementation and operation of the SQM. Includes taking appropriate actions to respond to identified deficiencies and remediate them on a timely basis.

Evaluate the system of quality management at a point in time at least annually.

