

Note: This is only an illustration to assist practitioners to kick start their risk assessment process. Firms MUST determine the quality objectives, the quality risks and the responses to be implemented in responses to those risks to the firm's specific circumstances. Firms may develop a separate tab for the other five components set out in HKSQM 1. The content on this illustration is NOT exhaustive and firms may include other governance and leadership quality objectives depending on the nature and circumstances of the firm.

| Quality objectives The firm shall establish the following quality objectives that address the firm's governance and leadership, which establishes the environment that supports the system of quality management: | | Quality Risks | | Responses to address the quality risks | |
|---|----------------|--|----------------|---|----------------|
| | Ref in HKSQM 1 | | Ref in HKSQM 1 | Items in blue relate to mandatory procedures set out in HKSQM 1. | Ref in HKSQM 1 |
| The firm demonstrates a commitment to quality through a culture that exists throughout the firm, which recognises 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 management, and their expected behaviour; and iv) The importance of quality in the firm's strategic decisions and actions, including the firm's financial and operational priorities. | 28(a) | [Identify and assess quality risks] | A55 | [Design and implement responses] | |
| | | [Identify and assess quality risks] | A56 | [Design and implement responses] | |
| | | [Identify and assess quality risks] | A46 | [Design and implement responses] | |
| Leadership is responsible and accountable for quality. | 28(b) | [Identify and assess quality risks] | A46 | [Design and implement responses] | |
| Leadership demonstrates a commitment to quality through their actions and behaviors. | 28(c) | [Identify and assess quality risks] | A58 | The firm undertakes periodic performance evaluations of the individual(s) assigned ultimate responsibility and accountability for the system of quality management, and the individual(s) assigned operational responsibility for the system of quality management. In doing so the firm takes into account the evaluation of the system of quality management. | 56 A57 |
| | | | | [Design and implement responses] | |

Note: This is only an illustration to assist practitioners to kick start their risk assessment process. Firms MUST determine the quality objectives, the quality risks and the responses to be implemented in responses to those risks to the firm's specific circumstances. Firms may develop a separate tab for the other five components set out in HKSQM 1. The content on this illustration is NOT exhaustive and firms may include other governance and leadership quality objectives depending on the nature and circumstances of the firm.

| Quality objectives The firm shall establish the following quality objectives that address the firm's governance and leadership, which establishes the environment that supports the system of quality management: <i>Ref in HKSQM 1</i> | Quality Risks <i>Ref in HKSQM 1</i> | Responses to address the quality risks Items in blue relate to mandatory procedures set out in HKSQM 1. <i>Ref in HKSQM 1</i> |
|---|--|--|
| The organisational 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. <i>28(d)</i> | <i>[Identify and assess quality risks]</i> | <div>At least one individual who is eligible for appointment as a statutory auditor is assigned ultimate responsibility and accountability for the system of quality management. <i>21-1(a)</i></div> <div>At least one individual who is eligible for appointment as a statutory auditor is assigned operational responsibility for the system of quality management. <i>21-1(b)</i></div> <div>There is periodic performance evaluation of the individual(s) assigned ultimate responsibility and accountability for the system of quality management. <i>56 A57</i></div> <div>There is periodic performance evaluation of the individual(s) assigned operational responsibility for the system of quality management. <i>56 A57</i></div> <div><i>[Design and implement responses]</i></div> |
| 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. <i>28(e)</i> | <div><i>[Identify and assess quality risks]</i> <i>A46, A61</i></div> <div><i>[Identify and assess quality risks]</i> <i>A46 A56</i></div> | <div><i>[Design and implement responses]</i></div> <div><i>[Design and implement responses]</i> <i>A60</i></div> <div><i>[Design and implement responses]</i></div> |
| <i>Other relevant governance and leadership objective</i> | <i>[Identify and assess quality risks]</i> | <i>[Design and implement responses]</i> |