DESIGN - SETUP

The following describes the functionality and features included in SQM.

Objective

The objective of this page in SQM is to

- select the firm's applicable standard(s); and
- set up the firm's risk matrix.

Page position

SETUP can be found in the DESIGN module.

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SQM DESIGN OPERATE	OPERATE OVERVIEW MO	ONITOR EVALUAT	τ				+
Responsibilities	Applicable standards		0				
Setup	1 Selected						
Understanding	ISQM AE - International						
Objectives							
Risks	Risk assessment					\odot	
Policy responses	It is recommended that the firm d Criteria can include consideration	levelops a common set o s that will be used to sele	f assessment criteria, which ect the appropriate levels fo	will be used to assess the le or 'probability of occurrence'	vel of the risk that a quality o and 'effect on achievement o	bjective will not be achieved. of objectives'.	
Procedure responses	Probabilities Ra Effects	ire (0-10%)	Unlikely (10-35%)	Possible (35-50%)	Likely (50 - 80%)	Very Likely (80 - 100%)	
Tasks	Insignificant	/ery low 🗸	Very low ~	Low ~	Low ~	Medium v	
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Page content

This page includes two sections:

- Applicable standards.
- Risk assessment

1. Applicable standards

This section includes a menu where you select the quality management standard applicable to your firm.

If the system is set up for a network firm, which will distribute a network-wide selection of objectives, risks, policies, procedures, tasks and monitoring activities, then all relevant standards must be selected here.

The default selected standard is ISQM AE – International.

At least one standard must be always selected.

To change the firm's selected standard, click on 'selected'.

SQM	DESIGN	OPERATE	OPERATE OVERVIEW	MONITOR	EVALUATE
Respo	onsibilities		Applicable standards		Ø
Setup	0		1 Selected		~
Unde	rstanding		ISQM AE - International		
Objec	ctives				

The menu will appear to make the relevant changes:

- Scroll up and down to view the available standards;
- Select the relevant standard(s) for the firm (or network); and
- Deselect the standard(s) that are selected, but which are not relevant to the firm (or network).

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SQM DESIGN OPERATI	E OPERATE OVERVIEW MONIT	OR EVALUATE		+
Responsibilities	Applicable standards	\odot		
Setup	2 Selected	^		
Understanding	ISQM - Malta	-		
Objectives	NIGC - Latin America			
Risks	ISQM AE - International		0	
Policy responses	ISQM - South Africa			
Procedure responses	ASQM - Australia	iment criteria, which w appropriate levels for '	ill be used to assess the level of the risk that a quality objective will not be achieved. probability of occurrence' and 'effect on achievement of objectives'.	

When the correct selection is made, click on the blue header 'selected' to close the menu and to reflect the selected applicable standard(s).

SQM	DESIGN	OPERATE	OPERATE OVERVIEW	MONITOR	EVALUATE	
Resp	onsibilities		Applicable standards		Ø	
Setup	p erstanding		1 Selected	b	^	
Obje	ectives		ISQM - Malta	ica		
Risks	5		ISQM AE - Internat	tional		0
Polic	y responses		ISQM - South Afric	a	s	ment criteria, which will be used to assess the level of the risk that a quality objective will not be achieved. ppropriate levels for 'probability of occurrence' and 'effect on achievement of objectives'.

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SQM	DESIGN		OPERATE	OPERATE OVERVIEW	MONITOR	EVALUATE
Re	sponsibilitie	!S		Applicable standards		Ø
Set	tup			1 Selected		U.
Un	derstanding	9		ISQM BrE - International	1	
Ob	jectives					

2. Risk assessment

Risk assessment comprises of two parts:

- Risk assessment matrix, which is where the firm sets the results of the risk assessment process; and
- Risk thresholds, which is where the firm sets the level of response required for the different risk assessment results.

IMPORTANT: It is recommended that the firm develops a common set of assessment criteria, which will be used to assess the level of the risk that a quality objective will not be achieved. Criteria can include considerations that will be used to select the appropriate levels for 'probability of occurrence' and the 'effect on achievement of objectives'.

RISK ASSESSMENT MATRIX

When recording and assessing possible quality risks, the firm will assess the 'probability of occurrence' and the 'effect that the risks will have on the achievement of the quality objectives'.

The SQM risk assessment matrix provides the firm with 5 options for each of these inputs, with a resulting 25 possible assessed risk results.

In setting up the risk assessment matrix, the firm records the assessed risk result for each of these 25 possibilities which ensures a consistent risk assessment result is achieved for all risks with the same assessed inputs across all the different scenarios.

To amend the default risk assessment results, select the menu for a result and select the firm's desired result.

SQM	DESIGN	OPERATE	OPERATE OVERVIEW	MONITOR	EVALUA	те							
Respo	nsibilities		Applicable standards			\odot							
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Unde	standing		ISQM BrE - International										
Objec	tives												
Risks			Risk assessment										\odot
Policy	responses		It is recommended that the fi Criteria can include considera	irm develops a co ations that will be	mmon set used to se	of assessment criter lect the appropriate	a, which levels fo	will be used to ass r 'probability of occ	ess the lev currence' a	vel of the risk that a and 'effect on achiev	quality o vement o	bjective will not be f objectives'.	achieved
Proce	dure respons	25	Probabilities	Rare (0-10%)		Unlikely (10-35%		Possible (35-509	6)	Likely (50 - 80%)		Very Likely (80 -	100%)
Tasks			Insignificant	Very low	×	Very low	~	Low	~	Low	~	Medium	~
			Minor	Very low	~	Low	~	Low	~	Medium	~	Medium	~
Review	v & Publish		Moderate	Low	~	Low	~	Medium	~	Medium	~	High	~
Monit	or Reports		Major	Low	×	Medium	~	Medium	~	High	~	High	~
			Catastrophic	Medium	~	Medium	~	High	~	High	~	High	~

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ietup	1 Selected		8	~								
Understanding	ISQM BrE - International											
Objectives												
Risks	Risk assessment										\odot	
Policy responses	It is recommended that the fi Criteria can include considera	rm develops a co itions that will be	ommon set of a rused to select	ssessment crit the appropria	eria, which te levels fo	will be used to as r 'probability of or	ess the le	vel of the risk that and 'effect on achi	a quality o evement o	objective will not b of objectives'.	e achieved.	
Procedure responses	Probabilities	Very low	U	nlikely (10-35	%)	Possible (35-50	%)	Likely (50 - 809	5)	Very Likely (80	- 100%)	
Tasks	Insignificant	Low	-	Very low	Ŷ	Low	Ŷ	Low	~	Medium	Ŷ	
	Minor	Medium		Low	×	Low	Y	Medium	~	Medium	~	
Review & Publish	Moderate	High		Low	~	Medium	~	Medium	Ŷ	High	Ŷ	
Monitor Reports	Major	Low	× 1	Medium	~	Medium	~	High	~	High	~	
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The amended risk result will reflect in the table and a toast on the bottom right corner will confirm that the change has been made.

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Responsibilities	Applicable standards	Ø	1				
Setup		Ũ					
Understanding	1 Selected	~					
onderstanding	ISQM BrE - International						
Objectives							
Risks	Risk assessment					0	0
Policy responses	It is recommended that the firm deve Criteria can include considerations th	lops a common set of asses at will be used to select the	sment criteria, which appropriate levels fo	will be used to assess the le r 'probability of occurrence'	evel of the risk that a quality and 'effect on achievement	objective will not be achiev t of objectives'.	ed.
Procedure responses	Probabilities Rare (0-10%) Unlik	ely (10-35%)	Possible (35-50%)	Likely (50 - 80%)	Very Likely (80 - 100%)	
Tasks	Insignificant Very	low ~ Ver	/ low ~	Low ~	Low ~	Medium ~	_
	Minor Very	low ~ Lov	, v	Low ~	Medium v	Medium ~	
Review & Publish	Moderate Low	~ Lov	~	Medium ~	Medium v	High ~	
Monitor Reports	Major Med	ium ~ Me	dium ~	Medium ~	High ~	High ~	
Monitoring activities	Catastrophic Med	ium ~ Me	dium ~	High ~	High ~	High	Indated Dirk Leval
Monitoring activities	Risk thresholds						Jpdated Kisk Level

RISK THRESHOLDS

Risk thresholds is the space where the firm determines what level of response is required for each of the levels of assessed risk.

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SQM DESIGN OPERATE	OPERATE OVERVIEW MONITOR EVALUATE	+
Responsibilities	Risk assessment	
Setup	It is recommended that the firm develops a common set of assessment criteria, which will be used to assess the level of the risk that a quality objective will not be achieved. Criteria can include considerations that will be used to select the appropriate levels for 'probability of occurrence' and 'effect on achievement of objectives'.	
Objectives	Probabilities Rare (0-10%) Unlikely (10-35%) Possible (35-50%) Likely (50-80%) Very Likely (80 - 100%) Insignificant Very low Very low Low Very low Median	
Risks	Minor Very low Low Very low Minor Medium Medium </td <td></td>	
Policy responses	Moderate Low v Medium v Medium v High v Major Medium v Medium v Medium v High v	
Procedure responses	Catastrophic Medium v Medium v High v High v High v	
Tasks	Risk thresholds Response required for Very low None ~	
Review & Publish	Response required for Low Apply judgement ~	
Monitor Reports	Response required for Medium Moderate v	
Monitoring activities	Response required for High Significant ~	

- None: When the firm determines that a specific risk result is not considered to be a quality risk, the firm indicates that no response is required for that risk result;
- Apply judgement: When the firm determines that a specific risk result will not always require a response, the firm can indicate that judgement will be applied in determining if a response will be required (and what level of response). When recording the risk assessment for a specific risk, the firm will then be required to document

their judgement in assessing the required response;

- Moderate: When the firm determines that a risk result indicates a quality risk, the firm can determine that a moderate response will sufficiently address the assessed risk; and
- Significant: When the firm determines that a risk result indicates a sufficiently high quality risk, the firm can determine that a significant response is required, therefore sufficient response to address a high level quality risk.

To edit the risk thresholds, select the menu for an assessed level of risk and select the firm's desired response level.

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Responsibilities	Risk assessment									\odot	
Setup	It is recommended that the fit	m develops a com	mon set of assessment cr	iteria, whic	h will be used to as	sess the le	vel of the risk that	a quality	objective will not b	e achieved.	
Understanding	Cintena carrinciade considera	uons unet will be u	sed to select the appropri	ate levela i	or probability of o	contence	and enection ach	revenieri	of objectives .		
	Probabilities Effects	Rare (0-10%)	Unlikely (10-3	5%)	Possible (35-50	196)	Likely (50 - 809	6)	Very Likely (80	100%)	
Objectives	Insignificant	Very low	~ Very low	~	Low	~	Low	~	Medium	Ŷ	
Risks	Minor	Very low	~ Low	~	Low	~	Medium	~	Medium	×	
	Moderate	Low	~ Low	~	Medium	~	Medium	~	High	v	
Policy responses	Major	Medium	~ Medium	~	Medium	~	High	~	High	×	
Procedure responses	Catastrophic	Medium	~ Medium	~	High	~	High	~	High	~	
	Risk thresholds										
Tasks	Response required for Very l	ow Non-	e v								
Review & Publish	Response required for Low	Appl	y judgement 🛛 👘								
Monitor Reports	Response required for Media	um 🔽	Vone								
Monitoring activities	Response required for High	, ,	Apply judgement								
		5	ignificant								

The amended risk thresholds will reflect in the table and a toast on the bottom right corner will confirm that the change has been made.

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SQM DESIGN	OPERATE	OPERATE OVERVIEW	MONITOR EV	ALUATE								+
Responsibilities		Risk assessment									\odot	
Setup Understanding		It is recommended that the f Criteria can include consider	firm develops a comme ations that will be used	on set of assessment criteri I to select the appropriate	a, which levels fo	will be used to assess t r 'probability of occurre	he le nce' i	vel of the risk that a and 'effect on achiev	quality o ement o	objective will not be of objectives'.	achieved.	
		Probabilities	Rare (0-10%)	Unlikely (10-35%)		Possible (35-50%)		Likely (50 - 80%)		Very Likely (80 -	100%)	
Objectives		Insignificant	Very low	 Very low 	×	Low	~	Low	~	Medium	~	
Risks		Minor	Very low	~ Low	~	Low	~	Medium	~	Medium	~	
		Moderate	Low	~ Low	~	Medium	~	Medium	~	High	~	
Policy responses		Major	Medium	~ Medium	~	Medium	~	High	~	High	~	
Procedure respor	nses	Catastrophic	Medium	 Medium 	~	High	~	High	~	High	~	
Tasks		Risk thresholds Response required for Very	low None	~								
Review & Publish	1	Response required for Low	None	٠ ک								
Monitor Reports		Response required for Med	lium Modera	te ~							_	
Monitoring activi	ities	Response required for High	n Signific	ant ~							Upda	ated Risk Level

3. Sign-offs and approvals

The applicable standards and risk assessment sections must be finalised and signed off as 'prepared by' before continuing with the rest of the design of the firm's system of quality management.

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SQM DESIGN OPERATE	E OPERATE OVERVIEW MONITOR EVALUATE	+
Responsibilities	Applicable standards	
Setup	1 Selected v	
Understanding	ISQM BrE - International	
Objectives		
Risks	Risk assessment 5	
Policy responses	It is recommended that the firm develops a common set of assessment criteria, which will be used to assess the level of the risk that a quality objective will not be achieved. Criteria can include considerations that will be used to select the appropriate levels for 'probability of occurrence' and 'effect on achievement of objectives'.	

EDITABLE APPLICABLE STANDARDS AND RISK ASSESSMENT

After signing off the 'applicable standards' and 'risk assessment' sections as 'prepared by', changes can only be made after removing the sign-off.

Page Outcomes

After completing the sections on this page:

- The applicable standards and libraries will show;
- The firm's risk matrix will be tailored; and
- The prompts to respond to risks will be appropriate to your firm.

Features

The following features are available on this page:

- Sign-off as accept, review or prepared by, see page XXX
- Add a new item, see page XXX