



ISQM 1 and ISQM 2 Training Course: Audit Firm Quality Management Systems



ISQM 1 and ISQM 2 Training Course: Audit Firm Quality Management Systems

Introduction:

ISQM 1 and ISQM 2 training on audit firm quality management systems is a 5-day course for partners, quality leaders and managers in external audit and accounting firms, ending with a Quality Management System Improvement Plan for a case firm. In many firms quality risks go unidentified, deficiencies recur across engagements and inspection findings arrive without a documented root cause. Nominees already lead engagements, own firm policies or review files, and the course is taught through case study on firm policies, monitoring results and reviewer files. CoreConcept Training Center delivers this ISQM 1 and ISQM 2 course.

Course Objectives:

- Establish firm-level quality objectives, identify and assess quality risks and design responses using the ISQM 1 risk assessment process
- Configure governance and leadership, ethical and independence requirements and acceptance and continuance procedures as components of the firm's system
- Align human, technological and intellectual resources, service providers and information flows with the firm's quality objectives
- Run a monitoring and remediation cycle that evaluates deficiencies for severity and pervasiveness and traces them to root causes
- Appoint, scope and document engagement quality reviews under ISQM 2, including reviewer eligibility, objectivity and cooling-off safeguards
- Prepare the annual evaluation of the system of quality management and an evidence pack for external inspection

Target Audience:

- Partners accountable for the firm's system of quality management or for a service line within it
 - Quality and risk management leads who design firm policies, monitoring plans and remediation actions
 - Methodology and professional practice managers responsible for audit tools, guidance and consultation
 - Senior managers and directors appointed, or about to be appointed, as engagement quality reviewers
 - Practice and operations managers who coordinate independence records, client acceptance and resource allocation
-

Course Outline:

Day 1: From ISQC 1 to a Risk-Based System of Quality Management

- ISQM 1 Scope, Objective and Eight Component Structure
- ISQC 1 Policies Mapped to ISQM 1 Component Requirements
- ISA 220 Revised Engagement Partner Link to Firm System
- Ultimate and Operational Responsibility Assignment Matrix for Firm Leaders
- Firm Quality Baseline Diagnostic Using a Component Heat Map

Day 2: Firm Risk Assessment, Governance and Ethical Requirements

- Quality Objectives Register Built from ISQM 1 Required Objectives
- Quality Risk Identification by Conditions, Events and Actions
- Response Design Linking Policies and Procedures to Assessed Risks
- Governance and Leadership Culture, Accountability and Partner Appraisal Criteria
- Independence Confirmations, Breach Logs and Ethical Requirement Monitoring

Day 3: Acceptance, Engagement Performance, Resources and Information

- Client Acceptance and Continuance Risk Scoring and Approval Routing
- Engagement Performance Consultation, Differences of Opinion and Supervision Policies
- Human Resources Competence, Workload Planning and Partner Rotation Records
- Technological Resources and Audit Tool Validation Before Firm Rollout
- Service Provider and Network Requirements Reliance Assessment

Day 4: Monitoring, Root Cause Analysis and Engagement Quality Reviews

- Monitoring Activity Plan Combining In-Process and Completed File Reviews
- Deficiency Severity and Pervasiveness Evaluation Grid
- Root Cause Analysis Interviews, Fishbone Mapping and Remediation Owners
- ISQM 2 Reviewer Appointment, Eligibility and Cooling-Off Safeguards
- ISQM 2 Significant Judgments Review and Documentation Before Report Dating

Day 5: Case Study Quality Management System Improvement Plan

- Case Firm Quality Risk Register and Response Gap Review
 - Case Firm Inspection Findings Root Cause Mapping and Remediation Actions
 - Case Engagement Quality Review File Challenge and Sign-Off Decision
 - Annual System Evaluation Conclusion and Leadership Communication Pack
 - Quality Management System Improvement Plan Defence Before Review Panel
-

Skills You Will Gain:

- Quality Risk Assessment
- Quality Objective Setting
- Independence Breach Management
- Client Acceptance Risk Scoring
- Monitoring Programme Design
- Root Cause Analysis
- Engagement Quality Review
- System Evaluation Reporting

Why Attend This Course:

- Produce a Quality Management System Improvement Plan for a case firm that the managing partner and the quality leader can adapt for the firm's own system
- Decide whether a deficiency is severe or pervasive, which engagements need an engagement quality review and whether a reviewer is eligible
- Avoid recurring inspection findings, late remediation and undocumented quality risks that weaken the firm's annual evaluation
- Brief partners, reviewers and practice staff on the firm's quality objectives, monitoring results and remediation actions using the case materials

Conclusion:

Back at the firm, the participant hands the Quality Management System Improvement Plan to the managing partner and the partner with operational responsibility for quality. They use it to reset the quality risk register, assign remediation owners, select engagements for quality review and support the annual evaluation of the system. After the first monitoring cycle that follows, the firm should compare deficiency counts, root causes and inspection observations with the previous cycle and update its responses and reviewer criteria.

Frequently Asked Questions FAQ:

What should participants know before an ISQM 1 and ISQM 2 audit firm quality management course?

Participants should already lead audit or assurance engagements, review files or own firm policies, and know the International Standards on Auditing. Bringing an anonymised quality manual, monitoring report or independence policy helps them test the case work against their own firm.

How does an ISQM 1 and ISQM 2 quality management course differ from an external audit standards course?

It works at firm level: the system of quality management, monitoring, remediation and engagement quality reviews. An external audit standards course follows one engagement from risk assessment to the auditor's report, while an internal audit quality course addresses a company's own audit function.

What is an engagement quality review under ISQM 2 in audit firm quality management?

It is an objective evaluation of the significant judgments made by the engagement team and the conclusions reached, performed by an eligible reviewer and completed before the engagement report is dated. ISQM 1 sets which engagements need one; ISQM 2 sets how it is done.

What do participants take back from the ISQM 1 and ISQM 2 audit firm quality management course?

Participants take back a Quality Management System Improvement Plan for a case firm, with a quality risk register, response gap review, root cause findings, an engagement quality review challenge record and an annual evaluation communication pack they can adapt.