Scalability of ISQM (UK)1

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ISQM (UK) 1 requires a firm to design, implement and operate a system of quality management that is responsive to the nature and circumstances of the firm and the engagements it performs. This means the SoQM is scalable: the firm's quality objectives, quality risks, responses, and monitoring and remediation activities should be tailored to its size, structure, complexity and engagement portfolio. Accordingly, the complexity and formality of responses and documentation are expected to vary between firms, even where firms have identified similar quality risks. For example:

Risks	Responses - Less complex firm	Responses - More complex firm
Teams lack the necessary skills and experience	At a firm with a small resource pool and simple audit portfolio, partners may be aware of individuals' experience and skills and audits. A response whereby partners request and approve an appropriate engagement team may be sufficient.	A firm with a large resource pool and a complex audit portfolio may require multiple mechanisms to monitor training and sector-specific expertise, and to plan engagement team composition so that each team has sufficient experience and capacity for effective supervision and coaching.
Partners do not have sufficient capacity to lead and coach teams	At a small firm, with only a few partners per office, the clearer visibility of partner workload and engagement with teams may mean a simple leadership review response is sufficient.	A large firm may need centralised prospective portfolio review and retrospective workload review mechanisms, as well as monitoring of sentiment around partner engagement.
Technological resources are not appropriate	Where small firm uses standard third-party technology with limited customisation, the firm reviews provider information and any known limitations before using the technology and reconsiders its suitability when the tool or its use changes.	More extensive responses will be needed where firms make greater use of emerging technology and are frequently updating resources or introducing new resources.

The standard does not define the complexity and formality of the system expected at different firms. Firms must determine this based on an assessment of their nature and circumstances, together with the nature, scale, and complexity of its engagement portfolio.

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