

PEER REVIEW PREPAREDNESS

DOCUMENTATION REQUIREMENTS

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PEER REVIEW – DEADLINES

Category	Deadline
Statutory Audits's of Unlisted Public companies having paid-up capital of not less than 500 crore or Turnover of not less than 1000 crore or Deposits of not less than Rs. 500 Crore as on 31 st March of the Previous Year OR Firms with five partners or more	30/06/2024
Statutory Audits's of Entities who raised Equity from Public or taken loans from Banks or Financial Institutions in excess of Rs. 50 Crs during the year under review and there of public interest entities including Trusts OR Firms with 4 partners or more	01/07/2025
Firms conducting Branch audit of Public Sector Banks OR Firms having 3 or more partners rendering Assurance services	01/01/2026

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PEER REVIEW – OBJECTIVE

The main objective of Peer Review is to ensure that the members of the Institute, while carrying out the assurance service assignments :

(a) comply with Technical, Professional and Ethical Standards as applicable including other regulatory requirements thereto

and

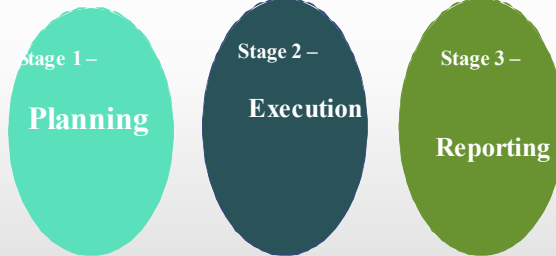
(a) have proper systems including documentation thereof, to amply demonstrate the quality of the assurance services.

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Key steps as per the Peer Review Guidelines, 2022:

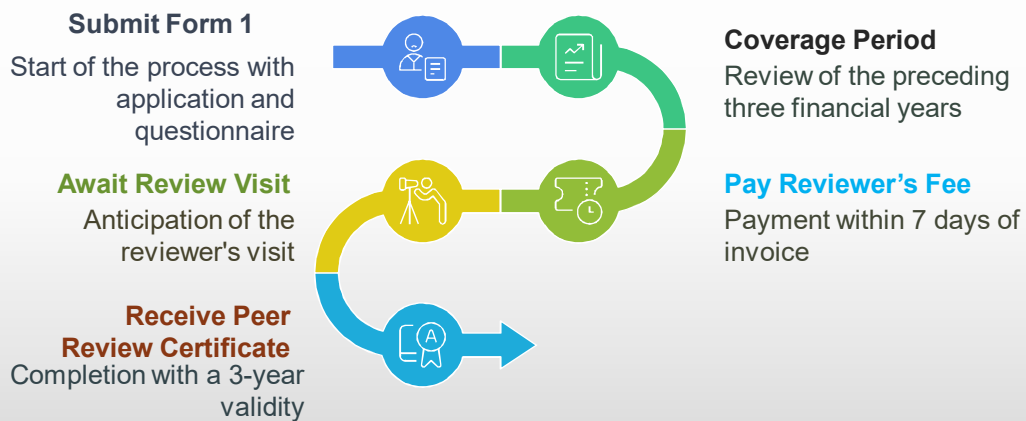
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Peer Review – Process Flow



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Navigating the ICAI Peer Review Process



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Stage 1 - Planning

- 1. PU shall make an Application cum Questionnaire - Form 1 to the Board**
- 2. The Board selects a panel of 3 reviewers.**
- 3. The Board sends a panel of 3 reviewers along with a notification of the reviewer's fees.**

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4. PU selects and informs the name of the Reviewer

5. The Board seeks acceptance from the Reviewers for undertaking the Peer Review of the PU.

6. A completed questionnaire enclosing a complete list of assurance service clients is sent to the selected Reviewer

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7. PU to provide any other information which the Reviewer may seek

8. An initial sample is selected by the Reviewer, representative of PU's client portfolio

9. PU will be notified of the selection of initial sample

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Stage 2 -

Execution

1. Fixation of date of initial meeting

2. Initial meeting between PU and Reviewer

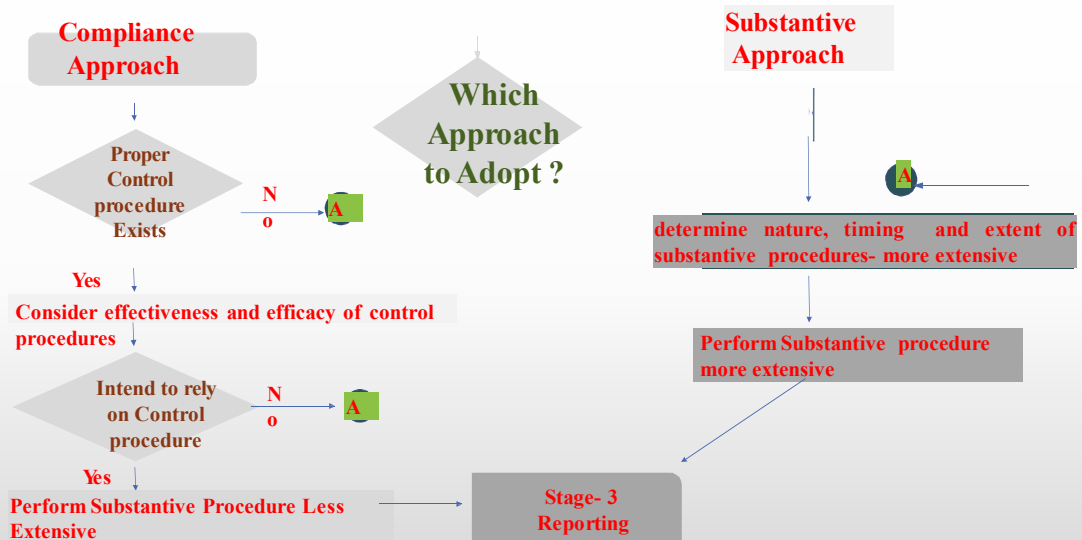
3. Compliance review of general controls

(five key controls independence, maintenance of professional skills & standards, outside consultation, staff supervision & development and office administration)

4. Review of Records

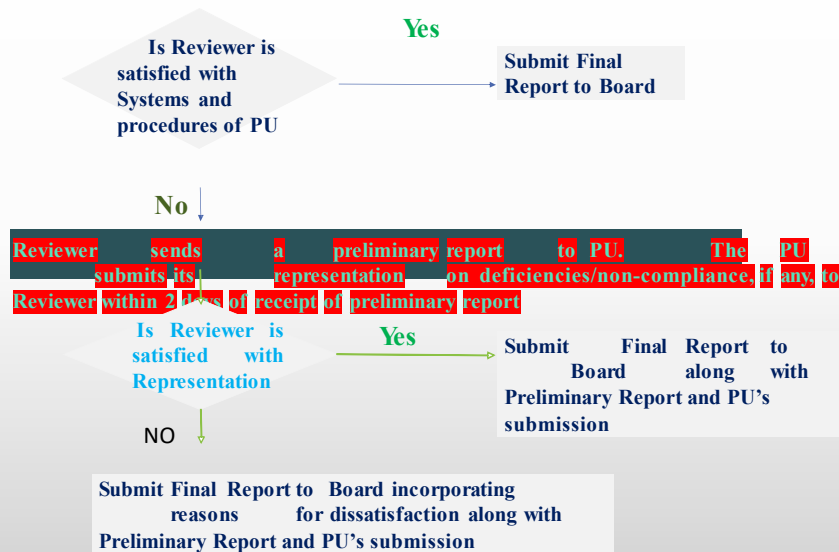
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4. Review of Records



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Stage 3 - Reporting



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Peer Review – Procedures and Time Lines



Peer Review Process

Time Schedule

Cumulative Days

1. PU shall make an Application cum Questionnaire to the Board in Form 1.	Counting starts after receipt of this document	Day 1
2. Panel of three Reviewers is sent to PU, along with Notification of Peer Review fees	Within 3 Working Days	Day 4
3. PU to give the choice of the Reviewer.	Within 1 working day	Day 5
4. As per the choice given by PU, the Board to notify the Reviewer to submit his Acceptance cum Declaration of Confidentiality in Form 2 to the PU	Within 2 working days	Day 7
5. Reviewer on receiving the Application cum Questionnaire in Form 1 from PU, shall intimate the PU and the Board, for proposed visit and proposed sample assurance services selected by him in Form 5.	Within 2 working days	Day 9

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Peer Review – Procedures and Time Lines



Peer Review Process

Time Schedule Days

6. Reviewer to seek further/ additional clarification in Form 6 from the Practice Unit on the information furnished/ not furnished by the PU in the Questionnaire (Form 6)	Within 1 day	Day 10
7. Reviewer to carry out the review by visiting the office of PU after fixing the date as per the mutual consent.	Within 6 Days After visiting PU's office	Day 16
8. Reviewer to send the Preliminary report, if any, to the PU for comments	Within 1 day after completion of Review	Day 17
9. Practice Unit to submit representation on Preliminary report to the Reviewer. The Reviewer should be satisfied with PU response on Preliminary Report along with point wise justification and basis of arriving at Opinion/conclusion for issuing clean report	Within 2 day	Day 19

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Peer Review – Procedures and Time Lines



Peer Review Process	Time Schedule	Cumulative Days
10. On completion of the Review, the Reviewer has to submit the documents duly signed in individual capacity along with Form 9	Within 1 Days	Day 20
11. Board to consider issuance of Peer Review Certificate in case of clear Report	In the next Meeting of the Board.	

Peer Review is to be completed within 20 Days

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Further Steps undertaken by Firms:

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Peer Review procedures

- **Form 1**
Contents:
Application cum
Questionnaire to
be submitted by
PU
- - 1.Application - (page 3 to 6 of HB)
 - 2.Questionnaire -(page 7 to 50 of HB)
 - PART A** - Profile of PU - (with Annexure A for assurance details)
 - PART B** - General controls based on SQC1 (not applicable for new units)
 - Part B(I) - Leadership responsibilities for quality control ,
 - B(II) - Ethical requirements,
 - B(III) - Acceptance and continuation of client relationship,
 - B(IV) - Human resources ,
 - B(V) - Engagement performance
 - B(VI)- Monitoring
 - PART C** - AQMM(Scores obtained)
 - Section 1-Practice management operations(maximum score - 280),
 - Section 2-Human resources management (maximum score -240),
 - Section 3- Practice Management – Strategic / Functional
 - (maximum score-80)
 - Total maximum score – 600

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Guidance for
checking Form 1
Forms(HB)
i. Guidance for
checking part A
ii. Guidance for
checking part B
iii. Guidance for
checking part C
Form 2 -

Form 3,4 Form 3
Form 5-
Form 6 -
Form 7-
Form 8
Form 9
Form 10

General guidance points-Page no. 51 to 54 of Handbook on Peer Review

Profile of PU and Annexure of assurances Page no. 54 to 61 of HB

Based on SQC1 as submitted by PU-Page no. 62 to 78 of HB

Scores obtained - Page no. 79 to 107 of HB

Acceptance cum Declaration of Confidentiality
RE to submit to PU on its email id once selection is
intimated by PRB - Page no. 108 to 11 of HB (Note: breach of any condition in
Form 2 to be treated Gross negligence)

-application for RE empanelment page 112 –HB. Form 4-Not relevant for subject
Notice by RE for samples and visiting office of PU - Page no. 120,121 of HB
Form for seeking additional information from PU-Page no.122,123 of HB
Form for seeking additional time for completion of review-Page no.124,125 of HB
Not relevant for subject here

Letter for submission of Final Report by RE to PRB (along with checklist annexures for
compliance)-Page no. 128,129,130 of HB
Not relevant for subject here

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Audit Quality Maturity Model (AQMM) Version 2.0

*Enhanced framework developed by the ICAI

- Assist audit firms in evaluating and improving their audit quality practices

*Aims to align with evolving auditing standards

w.e.f. 01.04.2023 AQMM review is mandatory for the Practice Unit conducting statutory audits of Listed Entity or Banks other than co-operative banks (except multi-state co-operative banks); or Insurance Companies hence Practice Unit rendering assurance services to such clients should ensure to fill Part C of the Form-1.

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AQMM v 2.0 will apply to firms submitting their peer review applications on or after April 1, 2025, covering a review period from April 1, 2022, to March 31, 2025. The applicability remains the same.

The scoring pattern under the three sections is as follows: –

Section	Reference	Maximum Score %	
Section 1	“Practice Management – Assurance”	280	46.67
Section 2	“Human Resource Management”	240	40.00
Section 3	Practice management- Strategic/functional	80	13.33
TOTAL		600	100.00

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A firm should score a minimum 30% under each section to become eligible for getting a level assigned.

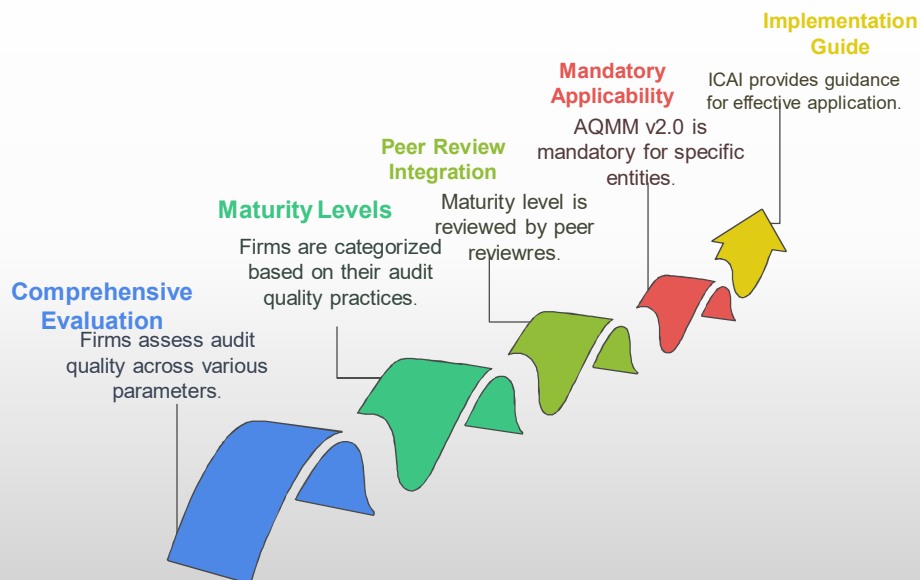
If the firm fulfills the above-mentioned eligibility criteria, it shall compute the percentage of score achieved on the basis of the Actual Score divided by the Maximum Score (i.e. 600) multiplied by 100. Based on this percentage of score computed, the firm maturity level shall be determined.

Firm Maturity Level -The firm maturity level shall be determined based on the following range of scores under the AQMM v 2.0:

Level Scores Received Greater than or equal to	Less than	Level 1
Firm	30 %	50 %
Level 2 Firm	50 %	70 %
Level 3 Firm	70 %	85 %
Level 4 Firm	85 %	100 %

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Achieving Audit Quality Maturity



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Achieving Maturity via AQMM v2.0



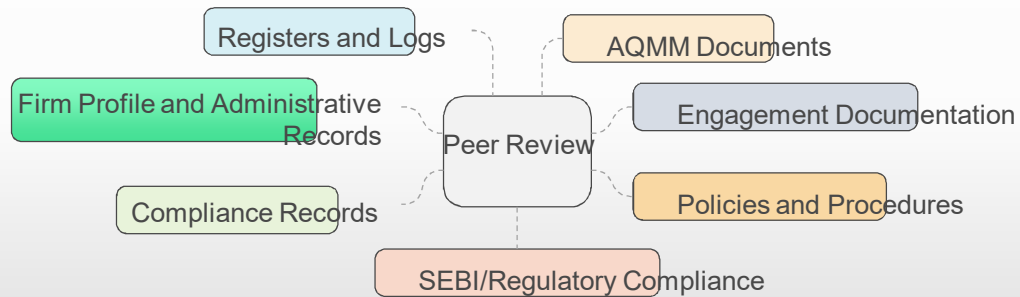
Clean report or higher AQMM level do not mean all is well as there is limitations, No immunity to firm-PU.

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Key documents and records to be ready at the Practice unit- At the time of Peer review

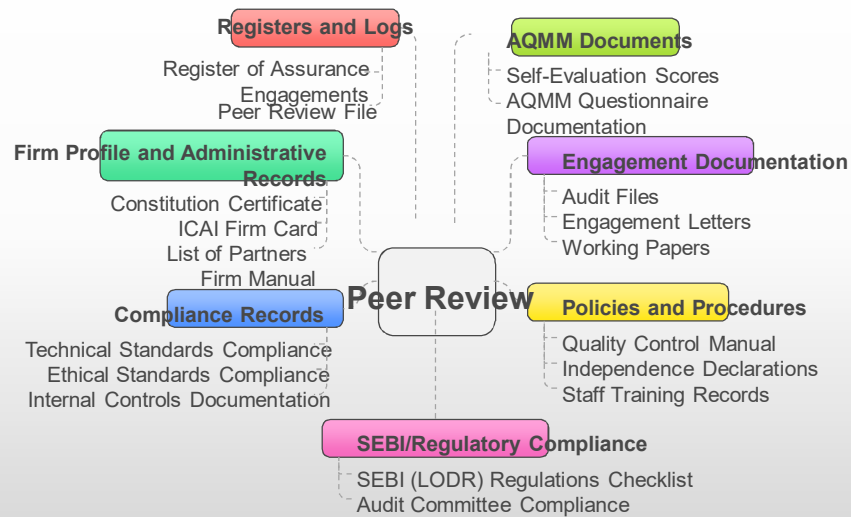
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Key Documents and Records for Peer Review



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Key Documents and Records for Peer Review



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Peer Review – Forms

Forms	Form Name
FORM 1	Application Cum Questionnaire To be submitted by Practice Unit
FORM 2	Acceptance cum Declaration of Confidentiality To be submitted by Peer Reviewer
FORM 3	Application cum Declaration form for empanelment as a peer reviewer To be submitted by Peer Reviewer
FORM 4	Declaration Form To be submitted by Board members and Secretariat

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Peer Review – Forms

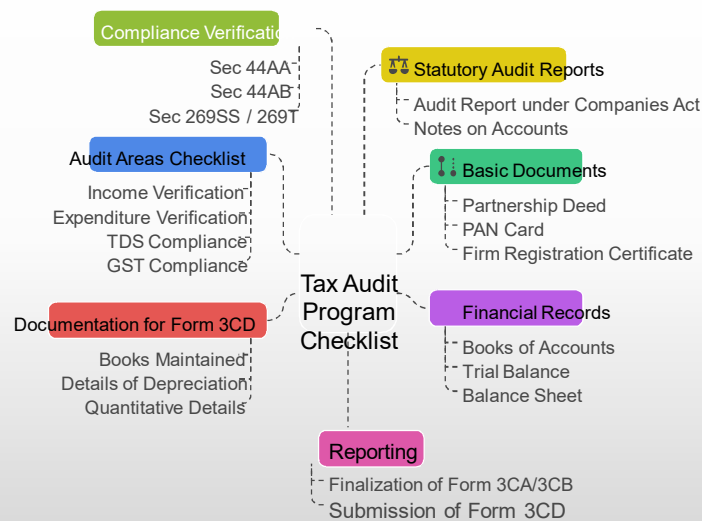
Forms	Form Name
FORM 5	Notice by Peer Reviewer for visiting office of the Practice Unit To be submitted by Peer Reviewer
FORM 6	Format for seeking additional information from the PU by the Reviewer To be submitted by Peer Reviewer
FORM 7	Joint intimation to be made by PU and RE for extension of time for completion of Peer Review process To be submitted by Peer Reviewer and Practice unit jointly

Peer Review – Forms

Forms	Form Name
FORM 8	Form for seeking extension to the validity of Peer Review Certificate To be submitted by PU to the Board
FORM 9	Letter for submission of report by the Peer Reviewer to the Peer Review Board To be submitted by Peer Reviewer
FORM 10	Notice to be given to the Practice Unit by the Board in case of revocation of Peer Review Certificate Issued by Board to PU

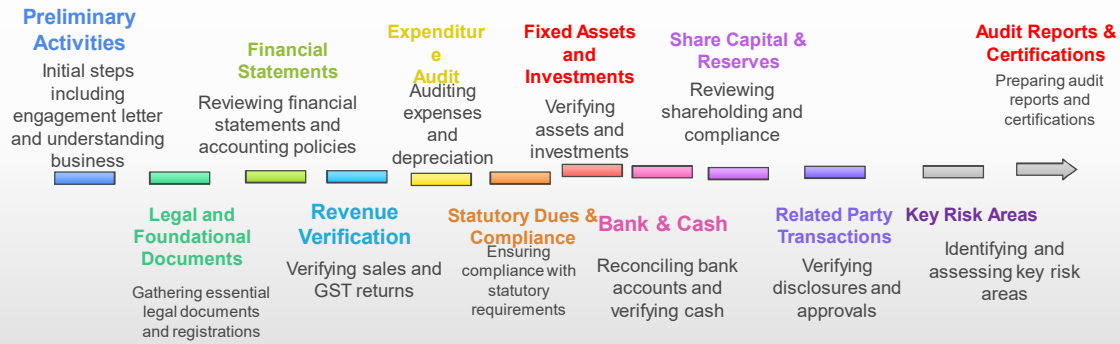
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Tax Audit Program Checklist for Partnership Firms



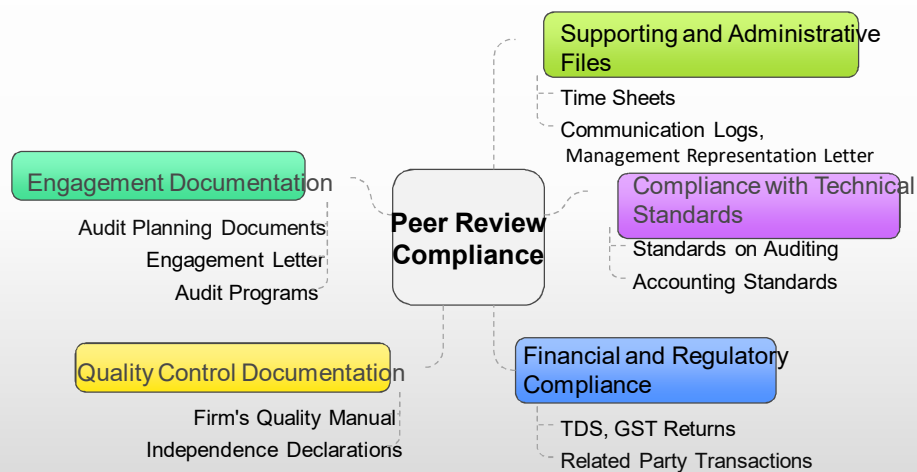
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Statutory Audit Program Checklist- areas to be covered

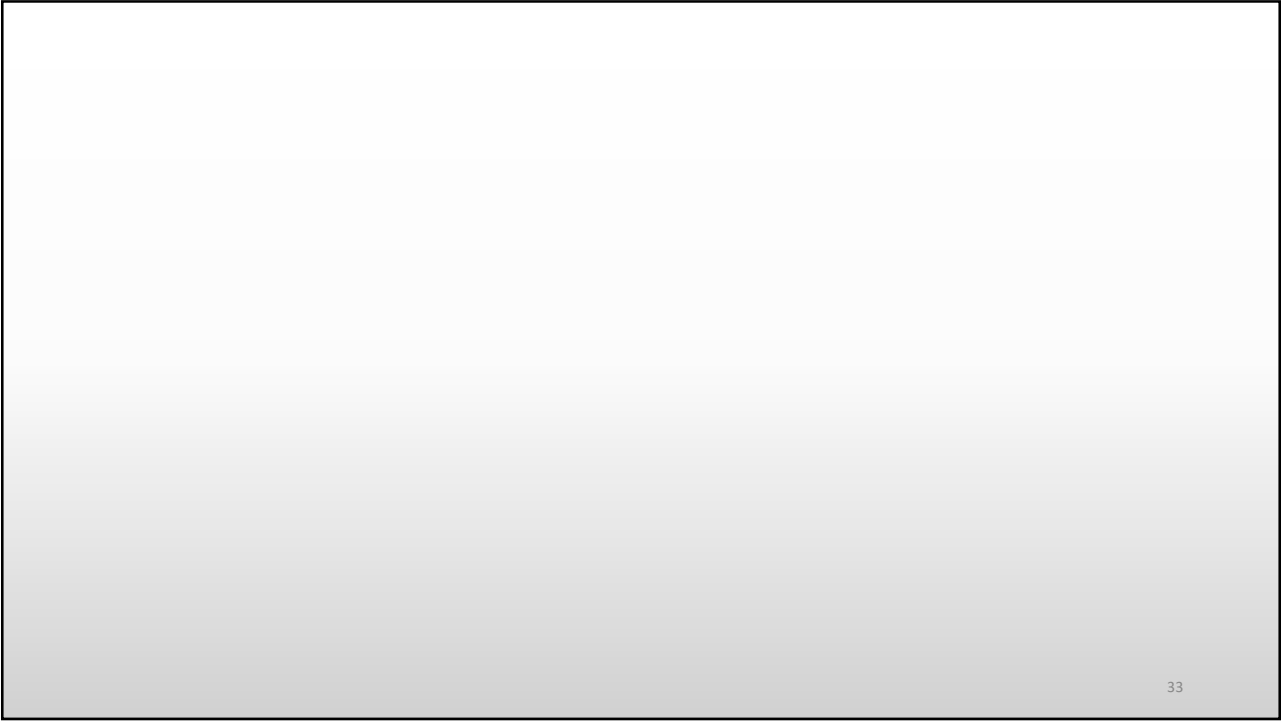


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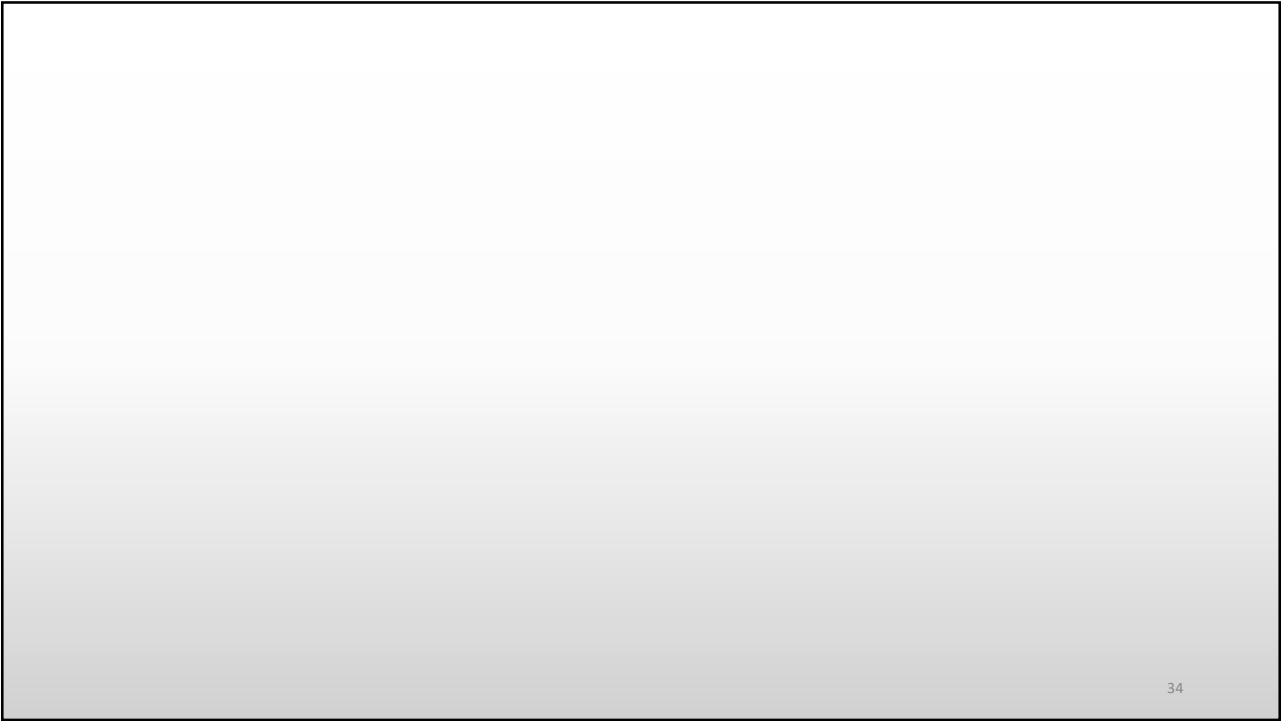
Peer Review Compliance for SMC Auditors



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CA BINA SARAH IPE FCA, DISA(ICAI)

K I ABRAHAM AND CO
CHARTERED ACCOUNTANTS

TIRUVALLA

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