

PEER REVIEW

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SCOPE / COVERAGE OF PEER REVIEW

- **Compliance with standards – SAs, SQC-I, ICAI Guidelines**
- **Quality of reporting**
- **Systems & procedures in place for assurance services**
- **Evaluation under AQMM (where mandated)**
- **Training & infrastructure**
- **Compliance with Council directions (fee, number of audits, records)**
- **Records related to article/audit assistants**
- All assurance engagements signed during the review period (three preceding financial years) are subjected to review.

STEP I — CONFIRM APPLICABILITY OR VOLUNTARY OPT-IN

Form I allows the PU to state whether the peer review is:

- **Mandatory,**
- **Voluntary,**
- **Initiated as a special case by the Board,**
- **For a new unit, or**
- **As per Board decision.**

STEP 2 — PREPARE AND SUBMIT *FORM I*: APPLICATION CUM QUESTIONNAIRE

Form I contains two major parts:

- **Application Section**
- **Questionnaire (Part A, B, C)**

You must provide:

✓ **Firm Details**

- Name (as per ICAI records)
- FRN / Membership No.
- Peer Review Period: **3 preceding financial years**
- Reason for applying (mandatory/voluntary/etc.)

✓ **Assurance Services Signed During Review Period**

- Declare the types of assurance reports issued (Statutory Audit, Internal Audit, Tax Audit, Certifications, etc.).
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STEP 2 — PREPARE AND SUBMIT *FORM 1*: APPLICATION CUM QUESTIONNAIRE

✓ Declaration on Listed Company Audits

- Indicate whether the firm conducted statutory audits of listed entities.

✓ Preferred Reviewer Location

- Same city
- Outside city
- Either

✓ Nomination of Partner for Coordination

- Provide details of the partner responsible for interactions with the reviewer.

STEP 3 — COMPLETE PART A, B, C OF THE QUESTIONNAIRE

Part A – PU Profile

Contains details of:

- Constitution of firm
- Partners
- Articles/Audit Staff
- Branches, etc.

This must match ICAI Firm Card.

STEP 3 — COMPLETE PART A, B, C OF THE QUESTIONNAIRE

Part B – Quality Control Systems (SQC-I Requirements) (180 odd questions)

Covers policies & procedures regarding:

- Leadership & ethics
- Client acceptance/continuance
- Human resources
- Engagement performance
- Monitoring

Part C – AQMM v1.0 Self-Evaluation Scores

- Mandatory for PUs conducting statutory audits of listed entities.

FORM I-ANNEXURE

SI No	Category of Client	Name of HO /Branch	Name of Signin g Partner	Type of Engagement			Whet her EQR done	Turno ver	Borro wing	Netw orth
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STEP 4 — SUBMIT FORM 1 TO ICAI PEER REVIEW BOARD & WAIT FOR REVIEWER APPOINTMENT

- Once Form 1 is accepted:
- ICAI will provide a list of three Peer Reviewers from its empanelled list from which PU can select one.
- Upon the response from PU, ICAI will appoint the **Peer Reviewer**.
- Reviewer will send **Form 2 – Acceptance cum Declaration of Confidentiality** to the PU.

STEP 5 — PEER REVIEW PROCESS BEGINS

- Reviewer issues **Form 5 – Notice of visit**
- Off-site review begins
- On-site review is conducted
- Reviewer may seek more information (Form 6)
- Preliminary Report → Final Report
- Board issues **Peer Review Certificate** (valid for 3 years)

SAMPLE SIZE OF VERIFICATION

- 1. Sample selected should be representative of total population of assurance services
- 2. Sample chosen must include assurance engagement assignment which has the highest turnover among the statutory audit population.
- 3. At least 5 samples in total (in case less than 5 then 100% population) must be selected from the category 'Statutory Audit' of Listed entities, central/ State Public Sector Undertakings and Central Cooperative Societies

SAMPLE SIZE OF VERIFICATION

- 4. At least 1 sample each from CSA audit of banks and Insurance Company, (if any). CSA will be substituted by SBAs in case PU does not undertake CSA.
- 5. Sample must include each 'type of assurance engagement' (viz. Statutory/Internal/concurrent/Tax/GST/certification/special etc.) including services provided on tender.
- 6. Sample must be picked from the assurance clients which contribute 15% or more to the total revenue of the firm (as mentioned under the concentration Clause 17 of Part A of the Questionnaire)
- 7. Sample must be selected from each of the locations where the PU is rendering Assurance services. However, in case branch has a listed client, then that is mandatorily required to be included in the sample.

SAMPLE SIZE OF VERIFICATION

- 8. There must be at least one sample from assurance service rendered by each partner of the PU.
- 9. Sample must be picked from each year under review & that sample selected by Reviewer, if verified for all three years then said sample would be treated as One Sample only.
- 10. Sample must necessarily include those assurance clients in respect of whom advisory has been issued by FRRB or any regulator

STEP 4 – OFF-SITE REVIEW

Reviewer examines:

- Policies & procedures
- Quality control documentation
- Previous review findings, if any

STEP 5 – ON-SITE REVIEW

Includes:

- Review of selected assurance engagement files
- Interviews of partners, staff
- Checking compliance with SQC-I & Standards on Auditing

STEP –REPORT SUBMISSION

Initial Report by Reviewer

- If deficiencies exist, an **Initial Report** is issued, and the PU provides responses.

Final Report Submission (Form 9)

- Reviewer submits a clean or modified report.

MODIFIED REPORT

Type of Modified Report	Certificate Issued?	Remarks
Minor Deficiencies	Yes	With recommendations separately (not on the certificate)
Documentation weaknesses but procedures exist	Usually	PU Must correct processes
Major systemic issues	No	PU must under go re review
Non-compliance with SA / SQC-I	No	Serious Issue
PU fails to respond to reviewer	No	Treated as non cooperative

FINAL DELIVERABLES

- **Form 9** duly signed by the Practice Unit and the Reviewer
- **Final Peer Review Report**
- **Annexure I** – Observations on General Controls and Sample Selection
- **Annexure II** – Compliance with SQC I
- **Preliminary Peer Review Report**
- **Reply of the Practice Unit and Satisfaction Report**
- **List of Samples Selected** along with basis and confirmation
- **Fee Receipt** confirming peer review fee has been received
- **Form I and Questionnaire** duly filled and signed by the Practice Unit

FORMS UNDER PEER REVIEW GUIDELINES

Form No.	Purpose
Form 1	Application cum Questionnaire (PU)
Form 2	Reviewer's Acceptance cum Confidentiality Declaration
Form 3	Reviewer's Empanelment Application
Form 5	Notice for On-site Visit
Form 6	Request for Additional Information
Form 7	Joint Application for Extension of Time
Form 8	Request for Extension of Certificate Validity
Form 9	Submission of Review Report
Form 10	Notice for Revocation of Certificate

AQMM V2.0 – SECTION- WISE WEIGHTAGE, ELIGIBILITY CRITERIA & MATURITY LEVELS



I. SECTION-WISE WEIGHTAGE OF SCORES

Section Reference	Maximum Score	Weightage (%)
Section 1 – Practice Management (Assurance)	370	61.67%
Section 2 – Human Resource Management	150	25.00%
Section 3 – Digital Competency	80	13.33%
Total	600	100.00%

2. MINIMUM ELIGIBILITY CRITERIA

Section Reference	Maximum Score	Minimum Required %	Minimum Score Required
Section 1 – Practice Management (Assurance)	370	30%	111
Section 2 – Human Resource Management	150	30%	45
Section 3 – Digital Competency	80	30%	24
Total	600		

AQMM V2.0 – MATURITY LEVELS BASED ON TOTAL PERCENTAGE

Overall Percentage Score	Maturity Level	Interpretation of Maturity Level
≥ 30% and < 50%	Level 1	Nascent Stage -Firm is at an early stage of quality maturity. Significant improvements are urgently needed to avoid lagging behind industry expectations.
≥ 50% and < 70%	Level 2	Developing Stage -Firm shows measurable progress but requires further refinement to reach higher competency and robustness
≥ 70% and < 85%	Level 3	Advanced Stage -Firm demonstrates strong maturity across most quality parameters. Some fine-tuning remains to reach the highest benchmark
≥ 85% and ≤ 100%	Level 4	Optimized Stage -Firm has significantly adopted high-quality practices, standards, and systems. The focus now should be on continuous optimization and innovation

THANK U

