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NEWSLETTER

Peer Review: Enhancing Audit Quality and Professional Accountability



CHAIRPERSON'S MESSAGE

CA. Ramya. N Chairperson



Dear Members and Students,

April was a month of renewed energy and purposeful action. As the new financial year began, it brought with it fresh enthusiasm and a sense of direction. I'm pleased to share that our branch utilized this time effectively, setting in motion a series of activities that aligned with our goals of professional growth, student empowerment, and community engagement.

A proud moment for our branch this month was the inauguration of the new SICASA Committee on 19th April. The event marked the beginning of a new chapter of student leadership and vibrant initiatives. I extend my heartiest congratulations to the newly elected committee members and look forward to witnessing their innovative ideas and active engagement in student development activities. May your tenure be impactful and inspiring.

We successfully conducted a highly informative CPE Seminar on "Year-end GST Closure: Essential Checks & Compliance Blueprint" on 24 April 2025. The session was expertly handled by CA. Vishnu Kumar M from Tirupur, whose deep insights and practical approach provided immense value to all participants.

In addition, we successfully conducted an exclusive AI Training Program for members on 25th, 26th, and 27th April 2025. The session aimed at equipping our members with foundational knowledge

and practical applications of Artificial Intelligence in the accounting profession. The enthusiastic participation reaffirmed our commitment to staying ahead in a technology-driven era.

I extend my sincere thanks to all the speakers, coordinators, and participating members for their support and involvement. Let us continue to learn, evolve, and lead with excellence.

April also marks a crucial period for many of our students preparing for their upcoming examinations. I urge you to stay focused, manage your time wisely, and remain confident in your preparation. The path to success is

paved with discipline, resilience, and consistent effort – qualities that define every aspiring Chartered Accountant.

We at the branch continue to remain committed to providing valuable opportunities for professional growth and personal development. Your support and active participation are the driving forces behind our continued success.

We propose to conduct programmes that will help us equip and adapt to the changing professional landscapes. Please mark your calendars and make it a point to be a part of the engaging interaction on

Date	Programme	Topic	Speakers
7th May	Mentorship programmes	Panel discussion on TDS compliance, filing and latest issues	CA. Anil. P, CA/ Aloshy L.Abraham, CA. Shanawas.M, CA. Nisha Elizabeth Shajan, CA. Hariharan L
17th May	New Income Tax Bill, 2025 – Curtain-raiser, analysis of provisions of	An overview of changes in basis of charge, Scope of total income, Residential status and Income deemed to accrue Salary, House Property and Exempted income other than trust	CA Abhishek Murali, SIRC Regional Council Member
17th May	New Income Tax Bill, 2025 – Curtain-raiser, analysis of provisions of	Changes relating to Business, Other sources, filing of return of income and Assessment procedure (except block Assessment)	CA Ramnath, Coimbatore
31st May	Financial statement of non corporates		CA M P Vijaykumar, Past Central Council Member, ICAI & CA Survajith, Coimbatore

"The future will be shaped by those who continuously learn and adapt. Let us embrace change, upgrade our skills, and stay ahead."

CA RAMYA N
CHAIRPERSON

Peer Review: Enhancing Audit Quality and Professional Accountability



CA Thomas K George

In the fast-changing world of financial reporting, audit quality remains the bedrock of public confidence. Based on the increasing need for independent professional regulation, the Institute of Chartered Accountants of India (ICAI) initiated the Peer Review in 2002. This proactive approach empowers us, as Chartered Accountants engaged in assurance services, to consistently uphold the highest technical, ethical, and professional standards.

At its core, Peer Review is a quality assurance system where we, as peers, review one another's audit practices to ensure compliance with relevant professional standards. By doing so, we enhance the credibility

of our self-regulated profession and strengthen stakeholder confidence.

Objectives of Peer Review

The overall aim of Peer Review is to assess if a Practice Unit (PU) has implemented adequate policies and systems in place to provide high-quality assurance services. The principal concern is in the following areas:

- Compliance with technical, professional, and ethical norms
- Maintenance of proper documentation and engagement procedure
- Internal quality control strengths (monitoring, client acceptance, HR)
- Implementation of the Audit Quality Maturity Model (AQMM)

by listed entity auditors

Peer Review does not evaluate business judgments or audit opinions — it assesses whether they are supported by sound and documented procedures.

Scope and Applicability

The Chartered Accountants Act (Amendment) 2022 conferred the statutorily mandated authority to ICAI to implement Peer Review in some firms.

The phased rollout of mandatory peer review is as follows:

- Phase I (Apr 1, 2022): Applies to PUs auditing companies with listed equity or debt (India or abroad).

- Phase II (Apr 1, 2023): Covers audits of large unlisted public companies and PUs with 5+ partners.
- Phase III (Apr 1, 2024): Includes PUs auditing entities that raised ₹50+ crore in funds, public interest entities, and those with 4+ partners.
- Phase IV (Apr 1, 2025): Applies to PUs auditing public sector bank branches and those with 3+ partners.
- PU responds to Preliminary Report with representations and explanations.
- Board reviews the Report and PU's response:
 - If Clean Report: Board issues Peer Review Certificate, valid for 3 years.
 - If Qualified Report: Board may request additional review, clarification, or remediation by PU.
- Board may initiate Follow-up Review or defer issuance of certificate.
- Final Decision by Board:
 - If satisfactory after follow-up: Clean Report issued, Certificate granted.
 - If not satisfactory: Certificate may be denied or deferred, with specific directions to PU.

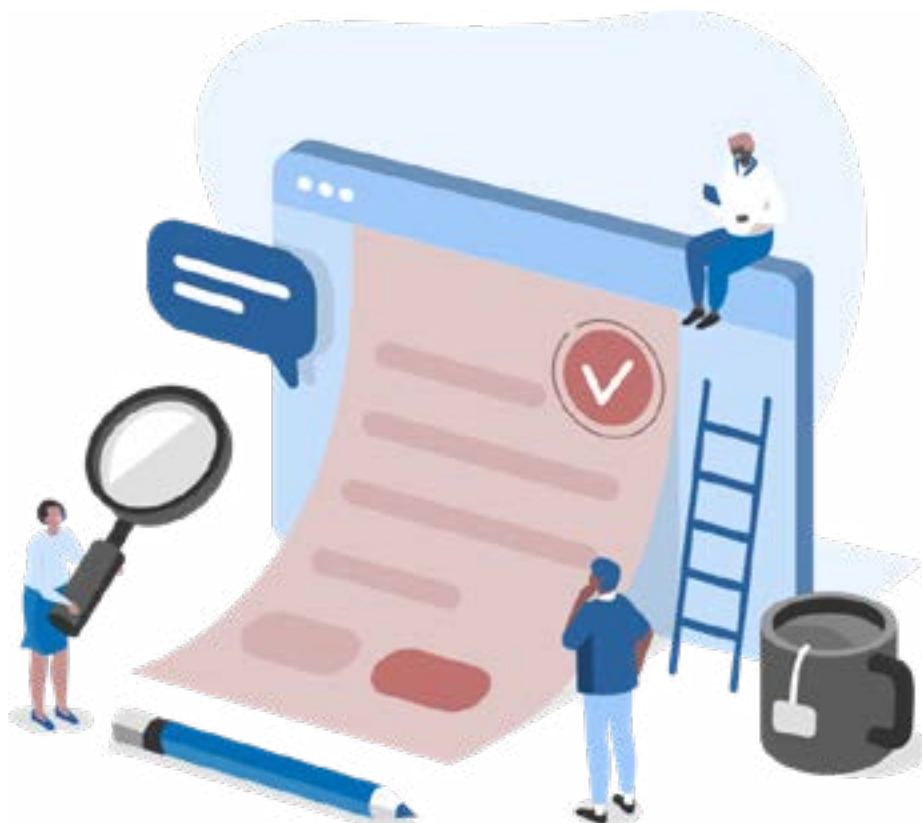
SEBI Requirement: Auditors of listed entities must hold a valid Peer Review Certificate from ICAI, ensuring strong quality control.

Peer Review Process – Step-by-Step with Outcomes

- PU submits Form 1 (Application cum Questionnaire) to the Peer Review Board.
- Board sends a panel of 3 Reviewers to PU.
- PU selects a Reviewer from the panel.
- Board confirms Reviewer's acceptance (Form 2 submission).
- Reviewer selects preliminary audit files representative of PU's client portfolio.
- Onsite visit is scheduled in mutual consultation.
- Initial meeting held, Reviewer understands PU's systems and policies.
- Compliance review of general controls (aligned with SQC 1 & AQMM if applicable).
- Final selection of audit files to be reviewed.
- Detailed review of client records and working papers.
- Reviewer submits Report:
 - If all is satisfactory, a Final Clean Report is submitted.
 - If issues are noted, a Preliminary Report is issued for PU's response.

Peer Review Process Timeline

Step	Activity	Time Limit	Cumulative Day
1	PU submits Application cum Questionnaire (Form 1)	-	-
2	Panel of 3 reviewers and notification of fees sent to PU	Within 3 working days	Day 4
3	PU to select reviewer from panel	Within 1 working day	Day 5
4	Board notifies selected reviewer and requests Form 2 submission	Within 2 working days	-
5	Reviewer sends proposed visit date and sample services (Form 5)	Within 2 working days of Form 1 receipt	Day 7 to Day 9
6	Reviewer may seek additional clarification via Form 6	Within 1 day	Day 10
7	Reviewer conducts on-site review at PU office	Within 6 days (post mutual consent on date)	-
8	Reviewer sends Preliminary Report (if any) to PU	Within 1 day after review	-
9	PU submits response/ representation to Reviewer	Within 2 days	Day 16 to Day 19
10	Reviewer submits signed documents and Form 9 to Board	Within 1 day	Day 20
11	Board issues Peer Review Certificate (if clear report)	In next Board meeting	-



Validity of Peer Review Certificate

The Peer Review Certificate issued to a Practice Unit shall be valid for a period of 3 years or such other period as may be decided by the Board.

Advantages of Peer Review

A. For the Profession

- Strengthens trust in audit quality and independence
- Increases the credibility of the self-regulatory system
- Acts as an early warning system for non-compliance

B. For Practicing Units

- Encourages self-reflection and pinpoints areas of improvement
- Fosters a culture of excellence
- Provides readiness for inspection by SEBI, RBI, C&AG

C. For Peer Reviewers

- Expands professional experience and skill base

- Facilitates contribution to audit excellence and integrity

Becoming a Peer Reviewer

To join the Peer Reviewer panel, members must meet following conditions:

Membership & Experience: The applicant must be a member of the Institute of Chartered Accountants of India (ICAI) and should have at least 10 years of standing in the profession.

Audit Experience: They should have experience in conducting audit of financial statements.

Clean Disciplinary Record: The member should not have been found guilty by the Disciplinary Committee of ICAI and should not have any disciplinary proceedings pending.

CPE Compliance: They must have complied with the Continuing Professional Education (CPE) hours requirements as mandated by ICAI.

Training and Empanelment:

- Must successfully complete the Peer Reviewer's Training and

- Pass the Online Test conducted by the Peer Review Board.

Empanelment Application: An application cum declaration for empanelment (Form 3) has to be submitted and approved by the Peer Review Board.

Furthermore, a peer reviewer must maintain confidentiality, independence, and objectivity

ICAI continuously trains and keeps Peer Reviewers abreast of the new audit practices and standards.

Challenges & Future Outlook

Key Challenges:

- Smaller companies avoiding reviews due to apprehension
- Lack of standardized documentation
- Time constraints and operational hurdles

Future Direction:

With digital audits and AI tools on the rise, Peer Review is becoming more tech-integrated and adaptive. Widespread adoption of AQMM and digital documentation is shaping the future of audit reviews.

Conclusion

Peer Review isn't just about compliance – it's about an ongoing commitment to excellence. It helps CAs look inwards, change, and meet the increasing expectations of stakeholders and regulators.

As ICAI strengthens this programme, let us all adopt Peer Review as an opportunity — an opportunity to improve ourselves, to be sure, but also to lift the standing of our profession.

Let us practice the ICAI motto – “Ya Aeshu Suptaeshu Jagruti” – an appeal to evoke our professional conscience and maintain the highest standard of integrity.

Mastering the Art of Prompting:

A Practical Guide for Chartered Accountants



CA. Ramya N

As generative AI tools gain traction in the professional world, chartered accountants are increasingly exploring their potential to simplify tasks—be it drafting emails, summarising tax updates, or preparing client-ready checklists. However, to make AI work effectively, it must be guided well. And that begins with writing a good prompt.

Think of a prompt as a brief you give to an intern—it needs to be clear, structured, and outcome-focused. To help professionals avoid vague or unusable results, use a five-part formula:

1. Define the Personality

Tell the AI who it should act as. This shapes tone and technical depth.

Example: “Act as a senior tax advisor with expertise in Indian corporate taxation.”

2. State the Query Clearly

Frame your need directly and without ambiguity.

Example: “Compare Section 44AD and Section 44ADA in terms of applicability and tax benefit.”

3. Provide Context

Give relevant background so the AI tailors the answer effectively.

Example: “The client is a freelance designer earning ₹20 lakhs per annum.”

4. Specify the Audience

Who is the final recipient of the content? Their knowledge level matters.

Example: “Simplify the explanation for a client with no accounting background.”

5. Set Boundaries

Limit length, tone, or format to get focused results.

Example: “Keep it under 200 words, in bullet format.”

Prompt in Action:

“Act as a tax consultant. Explain in simple language (under 150 words) the TDS implications under Section 194Q for a small business client purchasing raw materials worth ₹60 lakhs annually.”

By applying this prompt structure, professionals can avoid absurd outputs and instead leverage AI to enhance efficiency, accuracy, and client communication. As always, clarity in your brief yields clarity in your result.

This month programmes at a glance

CPE Seminar on “Year-End-GST Closure: Essential Checks & Compliance Blueprint”



AI Course



New Managing Committee Members of Kottayam Branch of SICASA

