

Peer Review

Definition & Objective	Scope of Peer Review	Applicability of Peer Review
<p>means an examination and review of the systems and procedures to determine whether the same have been put in place by the Practice Unit for ensuring the quality of assurance services as envisaged by the Technical, Professional and Ethical Standards as applicable including other regulatory requirements thereto and whether the same were consistently applied during the period under review</p>	<p>The Review shall cover:</p> <p>Compliance with Technical, Professional and Ethical Standards</p> <p>Quality of reporting</p> <p>Systems and procedures for carrying out assurance services</p> <p>Training programmes for staff (including articled and audit assistants) concerned with assurance functions, including availability of appropriate infrastructure.</p>	<p>Level – I: A Practice Unit which has undertaken any of the under-mentioned assurance services in the period under review shall be treated a Level I entity:</p> <p>Central Statutory Audit of PSB, Private Banks, Foreign Banks, Cooperative Banks and PFI</p> <p>Central Statutory Audit of Central or State PSU & Central Cooperative Societies based on criteria such as turnover or paid-up capital etc. as may be decided by the Board.</p>
<p>The Peer Review process shall apply to all the assurance engagements of a Practice Unit</p>	<p>Central Statutory Audit of Central or State PSU & Central Cooperative Societies based on criteria such as turnover or paid-up capital etc. as may be decided by the Board.</p>	<p>Central Statutory Audit of Central or State PSU & Central Cooperative Societies based on criteria such as turnover or paid-up capital etc. as may be decided by the Board.</p>
<p>To ensure that in carrying out the assurance service assignments, the members of the Institute comply with Technical, Professional and Ethical Standards including other regulatory requirements thereto, and</p>	<p>Compliance with directions and / or guidelines issued by the Council to the Members, including fees to be charged, number of audits undertaken, register for assurance engagements conducted during the year and such other related records.</p>	<p>Central Statutory Audit of Insurance Companies</p> <p>Statutory Audit of AMC or MF</p> <p>Statutory Audit of enterprises whose equity or debt securities are listed in India or abroad</p>
<p>To ensure that such a member has in place proper systems including documentation thereof, to amply demonstrate the quality of assurance services</p>	<p>Compliance with directions and / or guidelines issued by the Council in relation to article assistants and / or audit assistants, including attendance register, work diaries, stipend payments, and such other related records.”</p>	<p>Statutory audit of any body-corporate including trusts which are covered under PIE</p> <p>Statutory Audit of entities which have raised funds from public or banks or FI of > ₹ 50 Cr during the period under review</p>
<p>It is important to note that Peer Review does not seek to redefine the scope and authority of any of the Technical, Professional and Ethical Standards but only seeks to ensure that they are implemented, both in letter and spirit</p>	<p>The Periodicity of Peer Review will be as under:</p> <p>(a) Level - I Practice Units – Once in 3 years.</p> <p>(b) Level - II Practice Units – Once in 4 years</p>	<p>Statutory Audit of entities which have raised donations and / or contributions > ₹ 50 Cr during the period under review.</p> <p>Statutory Audit of entities having net worth of > ₹ 250 Cr at any time during the period under review</p>
<p>Peer Review period “means 3 years preceding the year in which the Practice Unit is selected or such other period or any period as may be prescribed by the Peer Review Board for conducting a Peer Review</p>		<p>Statutory Audit of entities which have been funded by CG / SG schemes of > ₹ 50 Cr during the period under review</p> <p>Statutory Audit of NBFCs as may be defined by the Board</p> <p>Central Statutory Audit of Regional Rural Banks</p> <p>Statutory Audit of parent, subsidiary, associate, and joint venture of the above entities</p>

Peer Review

Applicability of Peer Review

A Practice Unit which has undertaken any of the under-mentioned assurance services in the period under review shall be treated as Level II entity:

Statutory / Internal / Concurrent / Systems / Tax audit and / or Departmental Review of Branches / Offices of PSU, Private Banks, Foreign Banks, Insurance Co., Co-operative Banks, and RRBs

Statutory Audit of NBFCs as may be defined by the Board

Statutory Audit of entities having Net Worth > ₹ 5 Cr or an annual turnover > ₹ 50 Cr during the period under Review

UDIN's generated by the Practice Units more than the specified number determined by the Board from time to time

Statutory Audit of entities which have raised funds from public or banks or FI > ₹ 25 Cr but < ₹ 50 Cr during the period under review

Any other Practice Unit providing assurance or other services not covered under (i) (ii), (iii), (iv) and (v) hereinabove

Special Case Review: The Board, based on specific information received from Secretary, ICAI or any other Committee of the Institute including Disciplinary directorate or any other Regulator, which in the opinion of the Board requires a special review of the Practice Unit, may conduct a special review of the Practice Unit.

Request by Practice Unit: Any Practice Unit not selected for Peer Review, may Suo moto apply to the Board for the conduct of its Peer Review. The Board shall act upon the same within 30 days from the date of receipt of such request

Request by Client: An auditee (Client) may request the Board for the conduct of Peer Review of its auditor (Practice Unit). The Board shall act upon the same within 30 days from the date of receipt of such request.

Peer Review Board

Maximum 12 members and 50% of them members of Council

Council may nominate members from outside

Council shall appoint the Chairman and the Vice-Chairman

The term of 2/3rd members shall be for 3 years or end of the term of the member in the Council w.e.earlier

Chairman and the Vice-Chairman of the Board may be rotated every year by the Council of the Institute.

Casual vacancies on the Board shall be filled by the Council

A Member of the Disciplinary Committee or the Board of Discipline shall not be eligible for appointment as a member of the Board

Quorum for meeting: 1/3rd members but not less than 3 including Chairman / Vice-Chairman

at least one meeting shall be held in every three months

Peer Reviewer Eligibility

Member in practice with at least 10 years of experience for Level I and 7 years of experience for Level II entities

In case a member has moved from industry to practice then Member in practice with at least 5 (+15 Yrs for industry) years of experience for Level I and 3 (+15 Yrs for industry) (+10 Yrs for industry) years of experience for Level II entities

Undergone the requisite training and cleared the requisite test

Should have conducted audit of Level I Entities for at least 7 years

furnish a declaration as prescribed by the Board, at the time of acceptance of Peer Review appointment & sign a Declaration of Confidentiality

A member shall not be eligible if:

any disciplinary action / proceeding is pending against him

he has been found guilty of professional or other misconduct

he has been convicted by a competent court of an offence involving moral turpitude and punishable with imprisonment

he or his partners or personnel has any obligation or conflict of interest in the Practice Unit

A Reviewer shall/should not accept/have accepted any professional assignment from the Practice Unit for a period of two years from/before the date of appointment.

Peer Review

Approach Of the Reviewer

Selection of Practice Unit and appointment of Reviewer, the planning, execution, and reporting

A declaration in the form approved by the Board shall be submitted by the Practice Unit within 7 days so that Three Reviewer can be allotted as per Level submitted by Practice Unit in the declaration form

Names of 3 Reviewers shall be recommended by the Board and Practice Unit shall select one and intimate to the Board within 7 days of receipt of the names

On intimation by the Board, of the Reviewer's consent, the Practice Unit shall, within 15 days furnish the following information to the Reviewer

Duly filled-in Questionnaire sent by the Board.

Complete list of assurance engagement clients indicating the nature of service provided and the fees charged for the period under review

A note on the policies and procedures adopted by the Practice Unit in relation to independence, staff supervision and development, 'Second Person' review and the process generally followed in carrying out assurance services

Details of any proceedings against the Practice Unit taken by any authority relating to investigation or allegation of deficiency in the conduct of attest function by them during the period of 3 years preceding the period of review or at any time thereafter i.e. till the date of submission of the duly filled-in Questionnaire

Selection of Sample by the Reviewer

Peer Review visits & Review of Records

Obligations of the Practice Unit

Produce to the Reviewer or allow access to, any record, document or prescribed register maintained by the Practice Unit or any other record or document.

Provide to the Reviewer such explanation or further particulars/ information as required

Provide to the Reviewer all assistance in connection with Peer Review

Where any information or matter recorded otherwise than in a legible form, the Practice Unit shall provide to the Reviewer a reproduction of such information in a legible form,

Reporting

The Peer Review Report should state that the system of quality control for the assurance services of the Practice Unit

The Peer Review Report shall address compliance or otherwise on the following areas of controls:

- Independence
- Maintenance of professional skills & stds.
- Outside consultation
- Staff recruitment, supervision & development.
- Office administration.

the Reviewer shall communicate his findings to the Practice Unit r non-compliant with reference to any matter and the PU shall, within 15 days make its submissions in writing

The Reviewer shall submit the preliminary Report and its Response to it along with the manners in which the responses are dealt with.

In case of a modified report, the Board shall order for a "Follow On" Review after a period of one year from the date of issue of report

the period of 1 year may be reduced to but not less than 6 months from the date of issue of the report