

# PEER REVIEW PROCESS

One Day Seminar  
The Institute of Company Secretaries of India  
Saturday, 25<sup>th</sup> March, 2023  
Hotel Zaitoon Signature  
Valluvar Kottam High Road, Nungambakkam,  
Chennai

Presented By:  
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*“Don’t worry when you are not recognized, but strive to be worthy of recognition”*

**-Abraham Lincoln**

# PEER REVIEW

- Professional Peer Review focuses on the performance of professionals, with a view to improving quality, upholding standards, or providing certification.
- Peer Review contemplates examination of the systems and approach of a Practice Unit (PU) by another member of the Institute with the objective of identifying the areas, where the member may require guidance in improving the quality of his performance and adherence to the requirements of various technical standards.
- A Peer Review examines whether a Practice Unit has adequate policies and procedures (including documentation systems) in place to comply with the Technical Standards of ICSI and other legal requirements for maintaining the quality of the Services/ work they perform.

# AUTHORITY FOR PEER REVIEW



Guidelines for Peer Review of Attestation and Audit Services by Company Secretaries in Practice

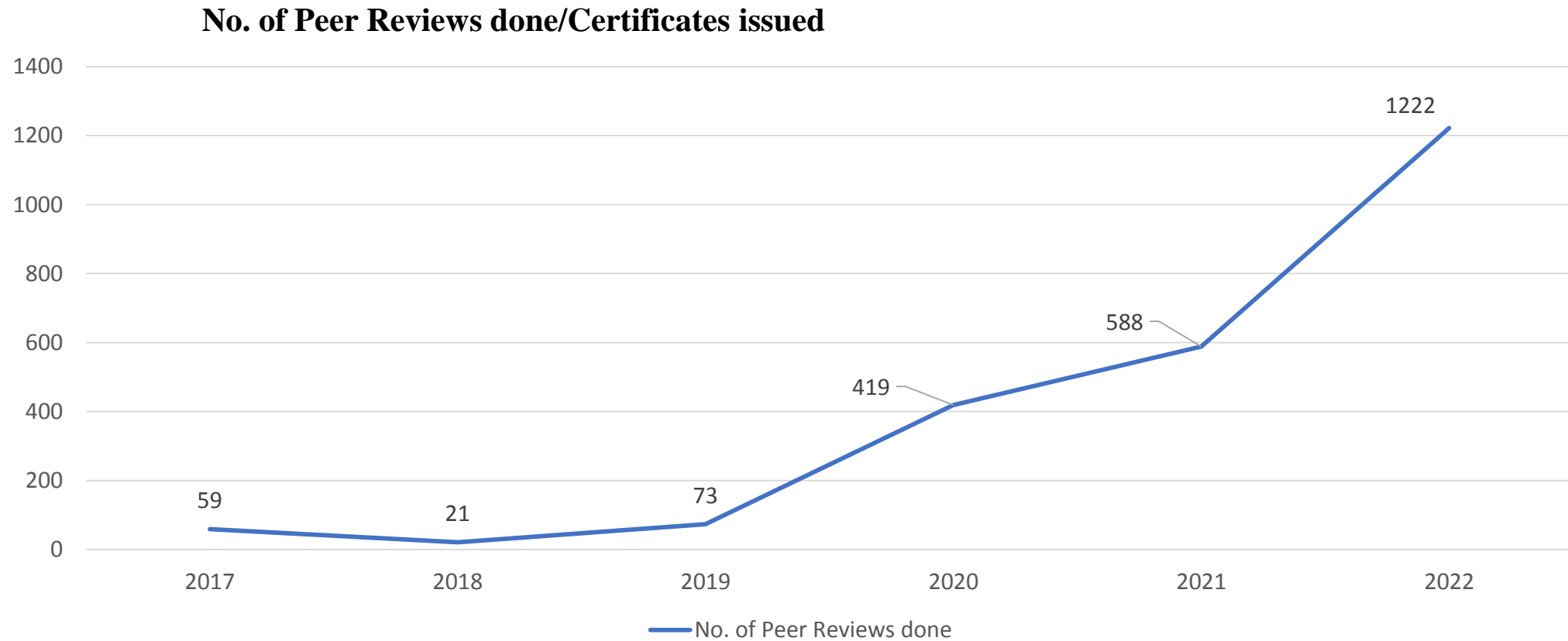
Peer Review Manual

FAQs on Peer Review

# Peer Reviewed units in India

S. No.	Region	No. of PCS	No. of Peer Reviewed Units
1	North	4330	826
2	East	1063	288
3	West	4195	1226
4	South	2231	621
	<b>Total</b>	<b>11819</b>	<b>2961</b>

# Growth in number of Peer Review completed



# APPLICABILITY OF PEER REVIEW

Whenever Peer Review is mandated on the Instructions of Government/ Regulators / Statutory Bodies

Whenever Peer Review is conducted on the basis of random selection

ICSI has mandated peer review for issue of certain certificates/attestation by PCS

Whenever Peer Review is requested voluntarily by the Practice Unit

Upon the recommendation of the Committee of Discipline or Disciplinary Committee of ICSI / Quality Review Board / Council of ICSI



# APPLICABILITY OF PEER REVIEW





# ATTESTATION AND AUDIT SERVICES BY COMPANY SECRETARIES IN PRACTICE

## COMPANIES ACT, 2013

1. Certification of Annual Return in Form MGT-8
2. Issuance of Secretarial Audit Report
3. Signing of Annual Return in Form MGT-7
4. Scrutinizer's report

## SEBI (LODR) Regulations

1. Issuance of Secretarial Audit Report to material unlisted subsidiaries of listed entities
2. Issuance of Annual Secretarial Compliance Report to Listed entities
3. Certification for non disqualification of directors
4. Certification under Regulation 40(9)
5. Compliance Certificate regarding compliance of conditions of Corporate Governance

# ATTESTATION AND AUDIT SERVICES BY COMPANY SECRETARIES IN PRACTICE

## OTHER SEBI REGULATIONS

1. Certification for Reconciliation of Share Capital Audit
2. Conduct of Internal Audit of the stock brokers/sub brokers under SEBI Circular
3. Due Diligence Report under SEBI (Delisting of Equity Shares) Regulations, 2021
4. Certificate relating to shares held by inactive shareholders under SEBI (Delisting of Equity Shares) Regulations, 2021
5. Compliance Certificate under SEBI (SBEBSE) Regulations

All other Reports, Returns and Certificates in respect of which generation of UDIN is mandatory

## OTHER LAWS

1. Acting as Compliance Auditor under third party certification/Audit Scheme(Amendment), 2016 in the State of Haryana.
2. Diligence reporting for Banks in case of multiple banking/ consortium lending arrangements in terms of the circular issued by RBI.
3. Issuance of Certificate in case of the Indian company accepting the investment from a foreign investor, thereby confirming compliance of Companies Act, 2013 and other matters as per FEMA.

# QUALIFICATIONS OF PEER REVIEWER

<b>A Member SHALL</b>	<b>A Member SHALL NOT</b>
<ul style="list-style-type: none"><li>• Be a member with at least 10 years of post-qualification experience as Company Secretary of which not less than 5 years should be as a company secretary in practice</li></ul>	<ul style="list-style-type: none"><li>• Disciplinary action / proceedings pending against him during the past 3 years</li></ul>
<ul style="list-style-type: none"><li>• Be currently holding Certificate of Practice as issued by the Institute</li></ul>	<ul style="list-style-type: none"><li>• Been found guilty of professional or other misconduct by the Committee of Discipline / Disciplinary Committee, at any time, as the case may be</li></ul>
<ul style="list-style-type: none"><li>• Have undergone the Training Programme for Peer Reviewers and qualified the Certification Programme for Peer Reviewers organized by the Institute</li></ul>	<ul style="list-style-type: none"><li>• Been convicted by a Competent Court whether within or outside India, of an offence involving moral turpitude and punishable with imprisonment</li></ul>

# EMPANELMENT OF PEER REVIEWER

- The Peer Review Committee has been empowered to maintain a panel of Reviewers.
- Peer Reviewers empanelled till date may continue to undertake peer review assignments accepted by them upto 31st March, 2026 without completing the online certification programme, but shall complete the said online certification programme successfully to undertake peer review assignments after 31st March, 2026.
- When a Peer Review is required to be conducted, the Committee would endeavour to match the relevant experience and standing of the Reviewer with the profile of Practice Unit which is being reviewed.
- The validity of the Peer Review empanelment shall be **five years from the date of empanelment**, post which the Reviewers shall have to again undergo the Training Programme for Peer Reviewers and qualify the Certification Programme offered by the Institute.

# EXPECTED QUALITIES OF REVIEWER

- Be well acquainted with the technical aspects of the Attestation and Audit Services.
  - Know the provisions of Code of Conduct of ICSI.
  - Have studied various cases decided on Code of Conduct of ICSI.
  - Get himself/herself acquainted with decisions of various courts on 'cases relating to deficiency in service'.
  - Be aware of relevant provisions of Company Secretaries Act 1980, Company Secretaries Regulations, 1982, Consumer Protection Act, Evidence Act, Indian Penal Code, etc.
- Have studied the ICSI Auditing Standards, Guidance Notes, Manuals, Referencers, Notifications, Guidelines and advisories issued by Council of ICSI from time to time.
  - Be aware of evolving standards and best practices in the field.
  - Be good at drafting, written and spoken English.
  - Display professional and courteous behavior while on peer review visit.
  - Understand his limitations.
  - Be clear about what is outside the scope of Peer Review

# METHODOLOGY FOR PEER REVIEW

## Offsite review

This contemplates studying the information given by the Practice Unit in the Questionnaire as detailed in the manual and based on the same make observations about possible areas where improvement is possible and to note other aspects to be discussed in personal meeting with Practice Unit.

## Onsite review

- Verification of information given by the Practice Unit
- Test checks in respect of assignments handled by the Practice Unit.
- Interaction with the staff & trainees of Practice Unit as a part of the Peer Review.
- Calling for the records in respect of the client maintained by the Practice Unit to verify whether proper systems and procedures have been followed.

# THE REVIEWER'S APPROACH

- a) Not as an inspector, auditor or investigator but as a pathologist;
- b) Should be appreciative of good practices while suggesting areas of improvement;
- c) Collaborative with a friendly demeanor;
- d) Discussion mode as a peer to be adopted by the Reviewer;
- e) Should try and give value addition to PU and not merely a tick box approach;
- f) In determining issues which are subjective, the purpose is not to replace the PU's opinion with the opinion of the Reviewer but to verify the process followed in exercise of judgment by the PU. Verification of the process will include verification of working papers maintained by the PU.

# CONFIDENTIALITY

The Peer Reviewer is bound by Confidentiality Agreement with the Peer Review Committee. If the Reviewer misuses the information disclosed by PU, he may be subject to disciplinary action by the Institute.



# LIABILITY OF THE REVIEWER

The reviewer, by virtue of carrying out the peer review shall not incur any liability other than the liability arising out of his own conduct under the Code of Conduct under the Company Secretaries Act, 1980 and Regulations framed thereunder as well as under the relevant clauses of these Guidelines.

# COST OF PEER REVIEW

Shall be decided by  
Peer Review  
Committee

Shall be borne by the  
Practice Unit

The cost of Peer  
Review shall be paid  
by the Practice Unit  
within 30 days from  
the receipt of Invoice  
from Peer Reviewer.

Each of the branch/ office  
under review would be  
considered as a separate  
unit for the purpose of  
payment

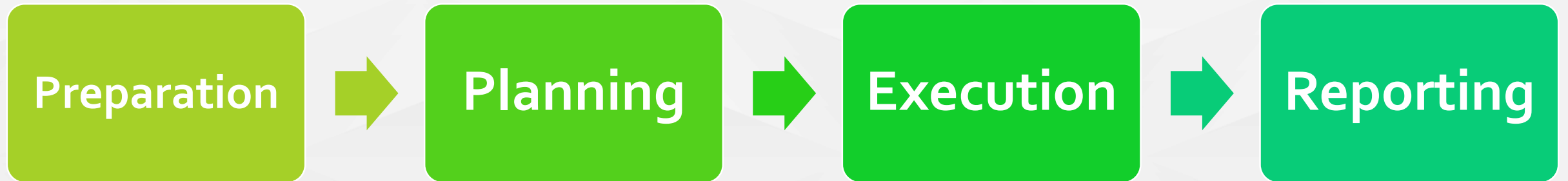
# VALIDITY OF PEER REVIEW CERTIFICATE

**5 Years**  
from the  
date of  
issue

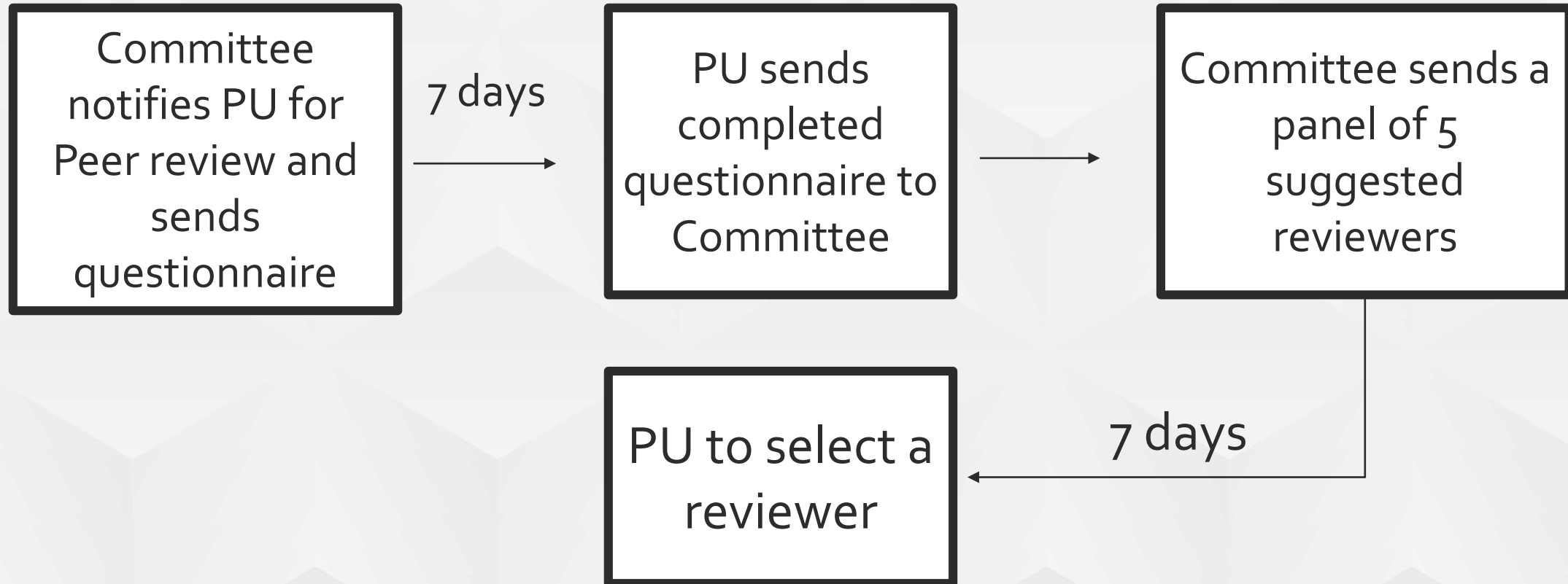
**2 Years** from the  
date of issue (If  
reviewed within 2  
years of  
formation)

*The Committee may suo motu or otherwise at the request of the Practice Unit, initiate the Peer Review process even before the expiry of the validity of the Peer Review Certificate.*

# PROCESS OF PEER REVIEW



# STEP 1: PREPARATION



# STEP 2: PLANNING

- On acceptance of the Peer Review by the selected Reviewer, the Practice Unit will be notified.
- From the complete services client list, an initial sample will be selected by the Reviewer.
  - The Peer Reviewer shall choose not less than 10% of the actual attestation assignments undertaken by the PU under each category (or) five assignments under each category, whichever is more.
- Practice Units will be notified of the selection in writing preferably 2 weeks in advance, requesting the relevant records of the selected services clients to be made available for review.
- In consultation with the PU, dates will be set for the onsite review to be carried out. The on-site review dates will be arranged by mutual consent such that the review is concluded within 21 days of appointment of Peer Reviewer, by the Committee.

# STEP 3: EXECUTION

On site  
review

Review of  
records

Review of  
compliances

Selection of  
services  
engagements  
to be reviewed

Meeting with  
the sole  
proprietor/  
partners

# REVIEW OF RECORDS

## Compliance approach - services engagements

The compliance approach is to assess whether proper control procedures have been established by the Practice Unit to ensure that professional services are being performed in accordance with Technical Standards\*.

## Substantive approach - services Engagements

A substantive approach will be employed if the Reviewer chooses not to place reliance on the Practice Unit's general controls on engagements or is of the opinion that the standard of compliance is not satisfactory or not appropriate in the case of a specific Practice Unit selected for Peer Review.



# TECHNICAL STANDARDS

- a) Auditing Standards issued by the ICSI
- b) Compliance of the Guidance Notes issued by the ICSI which are applicable
- c) Compliance of the provisions of the various relevant Statutes and/or Regulations, which are applicable; and
- d) Notifications/Directions issued by the Council of ICSI

# EXAMINATION OF OFFICE STRUCTURE & PROCEDURES

The Reviewer shall verify whether the Practice Unit has adequate office systems and procedures in place.

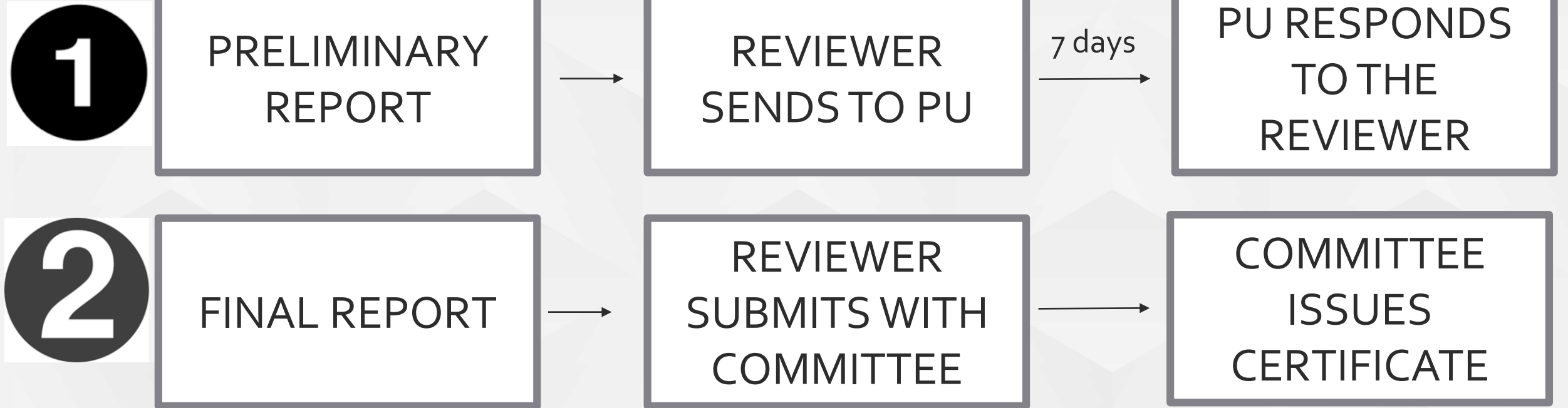
Whether the Practice Unit has a document management system which should ideally include the filing system, record storage and retrieval system (whether in hard copy or soft copy)

Whether allocation of assignments among the Staff / Trainees are commensurate with their capability, whether the assignments are properly carried out and the services are verified by the Proprietor or Partner of the Practice Unit or a Qualified Assistant in the office of the Practice Unit before authentication.

# TRAINING PROGRAMS FOR STAFF & INFRASTRUCTURE

- Whether the Trainees are maintaining a Training Diary to record the work done every day
- Whether any Staff Induction Process is in place
- Whether the Staff are periodically encouraged to attend Training Programmes
- Whether the office of the Practice Unit is equipped with library or reference material relating to professional services.
- Whether the overall décor/appearance of the office of the Practice Unit is satisfactory.

# STEP 4: REPORTING



*Preliminary report to be sent to PU only if any instance of non compliance is noticed.*

# DISPUTE RESOLUTION

## Procedure for resolving a disagreement between the Peer Reviewee and the Peer Reviewer

- PU shall make a written request to the Committee setting out the grounds on which the disagreement has arisen and requesting a resolution of the same.
- The Written Request shall be forwarded to the Peer Review Committee within 15 days of the date of the disagreement or the date of receipt of the Preliminary Report, whichever is earlier
- On receipt of the written request, a copy of the request shall be forwarded to the Peer Reviewer for his comments. The comments shall be sent to the Peer Review Committee within 15 days of the date of receipt of the request by the Peer Reviewer.

# DISPUTE RESOLUTION

## Procedure for resolving a disagreement between the Peer Reviewee and the Peer Reviewer

- The Peer Review Committee shall examine the written request and the comments, if any received from the Peer Reviewer and may do any one or all of the following:
  - Provide an opportunity to the Peer Reviewer and the Reviewee for personal appearance;
  - Call for any additional written statement from the Reviewee or clarification from the Peer Reviewer which it considers appropriate or necessary for further examination of the case;
- On completion of the actions specified in para above, the Peer Review Committee shall pass any one or more of the following Orders:
  - a) Reject the request with reasons
  - b) Admit the request and appoint some other Peer Reviewer to undertake a re-examination of the case.
  - c) Pass such Order as it deems fit.

# DISPUTE RESOLUTION

## Procedure for resolving a disagreement between the Peer Reviewee and the Peer Reviewer

- The Order of the Peer Review Committee shall be communicated to the Peer Reviewer and Reviewee within 30 days of the date of the decision of the Committee.
- A copy of the Order shall be forwarded to the Council.

# DISPUTE RESOLUTION

## **Appeal against the Order of the Peer Review Committee**

- A Peer Reviewee may appeal against the Order of the Peer Review Committee to the Central Council of the Institute.
- The Appeal shall be filed with the Secretary, ICSI within 30 days of receipt of the Order of the Peer Review Committee.
- The Appeal shall be in writing and shall clearly spell out the reasons for the appeal and the relief sought.
- On receipt of the Appeal, the Council may for reasons to be recorded in writing, pass any or all of the following orders:
  - Dismiss the appeal with reasons to be stated in writing
  - Admit the Appeal and remand the case back to the Peer Review Committee for reconsideration with reasons for the same;
  - Pass such other Orders as it may deem fit.
- The Order of the Council shall be made within 60 days of the date of receipt of the Appeal.



*Thank  
you!*