

# PEER REVIEW MANUAL



**THE INSTITUTE OF  
Company Secretaries of India**  
**IN PURSUIT OF PROFESSIONAL EXCELLENCE**  
Statutory body under an Act of Parliament

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**THE INSTITUTE OF COMPANY SECRETARIES OF INDIA**

ICSI House, 22, Institutional Area, Lodi Road, New Delhi - 110 003

Phones : 4534 1000, 4150 4444 ☐ Fax : 24626727

Website : [www.icsi.edu](http://www.icsi.edu) ☐ E-mail : [info@icsi.edu](mailto:info@icsi.edu)

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## PREFACE TO REVISED EDITION

The Companies Act, 2013 has delineated distinct role for Company Secretaries, both in practice or employment. This changing regulatory paradigms call upon professionals to provide quality, efficient, value added, application oriented solutions matching the expectations of the clients or employers.

*Aristotle said that the Quality is not an act, it is a habit.* Quality in professional services is the hallmark of success in a competitive environment. The performance and quality can be enhanced to the level of excellence only if professionals follow high Technical, Professional and Ethical Standards while serving the client or society.

Keeping this in mind, the Council has revised the Guidelines for Peer Review of Attestation Services by the Practising Company Secretaries, covering the Secretarial Audit Report, Annual Return Certification, Certifications under listing agreements etc.

This Peer Review Manual has been revised to facilitate the members to carry out Peer Review exercise smoothly. It will also be helpful to the Practice Unit to enhance the quality of professional services.

It is sincerely hoped that this Peer Review Manual would make an easy reading and pave the way for improving the quality of professional services rendered by practising members.

I wish to thank the Peer Review Board led by Ms. Mamta Binani, Vice-President, ICSI, for taking up the revision of Guidelines and Manual on priority basis. I wish to place on record the dedicated efforts put in by the team comprising Mr. Saurabh Jain, Deputy Director, ICSI and Mr. Sudhir Saklani, Assistant Education Officer, ICSI led by Dr. S K Dixit, Joint Secretary, ICSI in providing academic and technical support in revising this Manual, under the guidance of Mr. Sutanu Sinha, Chief Executive & Officiating Secretary, ICSI.

I am confident that the Manual would facilitate the members in understanding the nuances of Peer Review.

I welcome your suggestions for further value additions to this publication.

Date : April 16, 2015

**(CS Atul H Mehta)**  
*President*  
President@icsi.edu

## **PREFACE**

Professional Codes of Conduct are one of the most important characteristics of a profession. Such Codes of Conduct illustrate the high ethical and professional standards to reassure stakeholders of two conditions, namely, that any particular set of professional services is being rendered not only by (i) properly qualified or technically expert persons but also (ii) by persons whose professional standards merit the high degrees of trustworthiness, typically required of professionals.

Excellence is the hallmark of success in a competitive environment. The performance of a Professional can be kept at the level of excellence, by continuous self learning, professional development and a system of review of professional services by peers.

Peer Review is used in working groups for many professional occupations, only to strengthen systems and infrastructure to enhance the quality of professional services.

It was in this backdrop that the Council of the Institute constituted the Peer Review Board. The Board was instrumental in crystallizing the Guidelines for Peer Review of Attestation Services by Practicing Company Secretaries, which were approved by the Council and published in the Gazette of India and made effective from October 1, 2011.

This Manual has been prepared to facilitate the practicing members to carry out the Peer Review exercise and to appreciate their duties and responsibilities as a Practice Unit that is being peer reviewed.

I take this opportunity to express my sincere thanks to all members of the Peer Review Board who contributed in visualizing and enriching the contents of the Manual through their fruitful discussions. I commend the dedicated efforts put in by the team ICSI for giving this Manual a final shape under the leadership of CS N K Jain, Secretary & CEO, ICSI.

I am confident that the Manual will facilitate the members and other readers in understanding the nuances of Peer Review.

The Peer Review being dynamic in nature is ever evolving, there would always be scope for further improvement. I would personally be grateful to the users and readers for offering their suggestions for further refinement.

CS ANIL MURARKA

*PRESIDENT* – The ICSI

*Place* : Kolkata

*Date* : January 09, 2012

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## CHAPTER 1

# INTRODUCTION

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### Definition

The dictionary meaning of the term “peer” is, a person of the same legal status or a person who is equal to another in abilities, qualifications, age, background, etc. “Review” means to look back upon (a period of time, sequence of events, etc.) Thus, “peer review” is a self improvement process and is a method of evaluation of a person’s work or performance by a group of people in the same occupation, profession, or industry.

### Professional Peer Review

Professional peer review focuses on the performance of professionals, with a view to improving quality, upholding standards, or providing certification. Professional peer review activity is widespread in the field of accounting, law, engineering (e.g., software peer review, technical peer review), aviation, and even forest fire management. In academia, peer review is common in decisions related to faculty advancement and tenure.

### Peer review for Company Secretaries

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 practising member may require guidance in improving the quality of his performance and adherence to the requirements of various technical standards.

The focus lies on the promotion of continuing quality improvement in an atmosphere of openness and mutual trust that contributes to enhancing transparency and comparability. Good practice is valued and mutual learning encouraged in a dynamic and motivating process, from which both the PU and Reviewer can benefit.

A Peer Review examines whether a Practice Unit has adequate policies and procedures in place to comply with the Technical Standards of ICSI and other legal requirements.

**Rationale**

The concept of whole-time practice, which received its initial statutory recognition in 1988, has gained momentum after the enactment of the Companies (Amendment) Act, 2000 which required Compliance Certificate to be issued by a Practising Company Secretary for Companies having a prescribed paid up capital. Company Secretaries in practice are also being recognised for issuing certificates under various laws.

Excellence is the hallmark of success in a competitive environment. Performance can be judged and enhanced to a level of excellence only by evaluation by a competent professional. The Council of the Institute, therefore, decided to introduce Peer Review for Practising Company Secretaries (PCS) to periodically evaluate the quality, sufficiency of systems, procedures and practices, so that excellence in their performance is maintained.

**Authority for Peer Review**

The Council of the Institute of Company Secretaries of India is constituted under the Company Secretaries Act, 1980 for discharging the functions assigned to the Institute under the Act. Section 15 of the Act provides that “the duties of carrying out the provisions of this Act shall be vested in the Council” and enumerates various duties of the Council. With a view to regulate the profession of Company Secretaries and in terms of the powers vested, the Council has issued guidelines for Peer Review of Attestation Services by Practising Company Secretaries. The said Guidelines are placed as Appendix I of this Manual. The guidelines serve as a mechanism intended to further enhance the quality of professional work of Practising Company Secretaries (PCS) over a period of time, thereby ensuring that the profession of Company Secretaries continues to serve the society in the manner envisaged.

The Guidelines on Peer Review are issued in relation to conduct of members in attestation services:

- to promulgate an appropriate mechanism for ensuring the quality of attestation services and guide the members to

conduct themselves in a manner that the Council considers appropriate;

- to provide guidance in relation to the statutory powers and obligations with respect to the parties involved in peer review;
- to prescribe the scope of peer review and the procedures to be adopted during the conduct of a peer review; and
- to establish the expected conduct of members during a peer review.

### **Objectives of Peer Review**

The main objective of Peer Review is to ensure that in carrying out their Services, the PCS has complied with the Technical Standards laid down by the Institute and has in place proper systems (including documentation systems) for maintaining the quality of the Services/work they provide. The Council has specified the Technical Standards in relation to which peer review is to be carried out in the guidelines for Peer Review of Attestation Services by Practising Company Secretaries. Peer Review does not seek to redefine the scope and authority of the Technical Standards specified by the Council but seeks to enforce them within the parameters prescribed by the Technical Standards.

Peer Review is directed towards maintenance as well as enhancement of quality of attestation services and to provide guidance to members to improve their performance and adhere to various statutory and other regulatory requirements. Essentially, through a review of attestation services engagement records, peer review identifies the areas where a practising member may require guidance in improving the quality of his performance and adherence to various requirements as per applicable Technical Standards and regulatory requirements.

### **Benefits of Peer Review**

There are significant benefits which a Practice Unit will obtain in undergoing a Peer Review. These may be summarised below:

1. A successful Peer Review will provide comfort to the P.U. that he has adhered to various statutory, documentary and other regulatory requirements.

2. If deficiencies are noticed and corrective measures suggested, the P.U. will have an opportunity to correct the deficiencies and thereby enhance his professional competence.
3. If a Peer Review Certificate is issued in favour of the P.U. it enhances his credibility in the eyes of the general public.
4. Since a Chinese Wall exists between the Peer Review Process and the Disciplinary Proceedings, the P.U. will benefit from Peer Review without any apprehension of any disciplinary proceedings being initiated against him for any deficiencies noticed on his part.
5. Clients of the P.U. will benefit from knowing that their P.U. is periodically reviewed by the ICSI.

### **Scope of Peer Review**

Peer review is directed at the attestation services of a practice unit (PU).

In the first stage , the following attestation services will be covered:

- (i) Signing of Annual Return pursuant to proviso to sub-section (1) of section 161 of the Companies Act, 1956.
- (ii) Certification/ Signing of Annual Return pursuant to section 92 of the Companies Act, 2013.
- (iii) Issuance of Compliance Certificate pursuant to proviso to subsection (1) of section 383A of the Companies Act, 1956.
- (iv) Issuance of Secretarial Audit Report in terms of Section 204 of the Companies Act, 2013
- (v) Issuance of Certificate of Securities Transfers in Compliance with the Listing Agreement with Stock Exchanges.
- (vi) Certificate of reconciliation of capital, updation of Register of Members, etc. as per the Securities & Exchange Board of India's Circular D & CC/Cir-16/2002 dated December 31, 2002.
- (vii) Conduct of Internal Audit of Operations of the Depository Participants.

(viii) Certification under Clause 49 of the Listing Agreement

Since law is a dynamic subject, situations may arise whereby regulatory prescriptions may necessitate certification in other areas also in due course. The Council and the Peer Review Board may include other attestation services under the scope of Peer Review from time to time.

### **Peer Review Process**

Once a practice unit is selected for review, its attestation engagement records pertaining to the immediately preceding financial year shall be subjected to review.

The Review shall focus on:

- (i) Compliance with Technical Standards.
- (ii) Quality of Reporting or Attestation services.
- (iii) Office systems and procedures with regard to compliance of services including appropriate infrastructure.
- (iv) Training and capacity building Programs for staff (particularly, the Apprentice Trainees)

### **Applicability of the Guidelines on Peer Review**

The guidelines on Peer Review shall apply to all or any of the following cases:

- (a) Whenever a peer review is mandated
- (b) Whenever a peer review is requested
- (c) Whenever a peer review is conducted.

A Peer Review is said to be mandated when the Council of the Institute or any legislative amendment to law requires a Peer Review to be conducted. A Peer Review is said to be requested when a Practice Unit (PU) requests the Peer Review Board to have itself Peer Reviewed on a voluntary basis. A Peer Review is said to be conducted when a Peer Review is undertaken based on random selection initiated by the Peer Review Board.

### **QUALIFICATIONS FOR A PEER REVIEWER**

A Peer Reviewer shall be a Member of the Institute who should—

- (a) Possess at least 10 years of post membership experience
- (b) Be currently in whole time practice as a Company Secretary.

### **THE REVIEWER'S APPROACH**

- a. The approach of the Reviewer should be courteous, professional and helpful throughout the review process.
- b. He should be appreciative of good practices while suggesting areas of improvement.
- c. He should adopt a collaborative approach with the P.U. during the review process and should ensure minimum disruption to the P.U. during the peer review.
- d. He should be able to provide practical and insightful comments in a discussion mode as a Peer during the review process.
- e. He should try and give value addition to P. U. and not merely adopt 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 judgement by the PU. Verification of the process will include verification of working papers maintained by the PU.

### **EXPECTED QUALITIES OF REVIEWER**

The nature and complexities of peer review requires the exercise of professional judgment. The reviewer should:-

- a. Be well acquainted with the technical aspects of the attestation services.
- b. Know the provisions of Code of Conduct of ICSI.
- c. Have studied various cases decided on Code of Conduct of ICSI.
- d. Get himself/herself acquainted with decisions of various courts on 'cases relating to deficiency in service'.

- e. Be aware of relevant provisions of CS Act 1980, Consumer Protection Act, Evidence Act, IPC, etc.
- f. Have studied the technical standards like Secretarial Standards, Guidance Notes, Notifications and Guidelines issued by Council of ICSI.
- g. Be aware of evolving standards and best practices in the field.
- h. Be good at drafting, written and spoken English.
- i. Display professional and courteous behavior while on peer review visit.
- j. Understand his limitations.
- k. Be clear about what is outside the scope of Peer Review.

### **Scope of the Manual**

This manual has been designed to assist the reviewers and Practice Units (PU) in carrying out the exercise of peer review. The manual is intended to act as a basic guide to the peer reviewers and the PU. Members are advised to read the manual in conjunction with the Guidelines for Peer Review of Attestation Services issued by the Council of the Institute as may be amended from time to time. The peer review process from appointment of Peer Reviewer to conduct of Peer Review of the PU and submission of final report by the Peer Reviewer has been explained in detail for easy understanding of the readers.

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## CHAPTER 2

### PEER REVIEW PROCESS

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This Manual seeks to explain the process of peer review as envisaged in the Guidelines for Peer Review of Attestation Services by Practising Company Secretaries. The process of empanelment of a reviewer and the peer review process has been explained in detail. A step-by-step guide has been presented for the entire process.

#### **Empanelment of Reviewers**

1. The Peer Review Board has been empowered to maintain a panel of Reviewers. Para 10 of the Guidelines provides for the qualifications of the reviewer. It states, "The nature and complexity of peer review require the exercise of professional judgement. Accordingly, an individual serving as a reviewer shall:- (a) Be a member; (b) Possess at least ten years experience; and (c) Be currently a Company Secretary in Practice.

The Peer Review Board has clarified that the requirement of at least ten years experience as a member does not necessarily entail his/her experience as a Practising Company Secretary. Even a member who has earlier been in employment for a decade can seek empanelment as a Reviewer provided he/she is holding a certificate of practice on the date of making the application for empanelment as reviewer.

2. The Board has prescribed a format for inviting applications from members fulfilling the above criteria who are willing to be empanelled as Reviewers. The application form seeks to collate information on the experience of the member, infrastructure available, professional experience, educational qualifications, practice areas, etc. which would enable the Board to assess the core competence of the applicant for empanelment as reviewer. When a Peer Review is required



to be conducted, the Board would endeavour to match the relevant experience and standing of the Reviewer with the profile of the P.U. which is to be Peer Reviewed.

3. A copy of the application format for empanelment of Reviewer is placed as Appendix II of this Manual and may also be downloaded from the webpage of the Peer Review Board at the ICSI portal [www.icsi.edu](http://www.icsi.edu).

### **Training and Development of Reviewers**

To ensure that the objective of peer review is achieved in letter and spirit, adequate training facilities shall be provided, from time to time, to the Reviewer(s) and other persons who assist the Board as and when and in the manner considered appropriate by the Board. Reviewers shall be expected to be fully familiar with all procedures, prescriptions, guidelines and other decisions as may be issued by the Board from time to time.

A Reviewer may be required to assess his/her capability to perform a peer review exercise. He/she should also consider carefully the number and availability of trained staff in deciding whether he/she would be in a position to perform Peer Review of a Practice Unit.

To equip the Reviewers with the required inputs required for Peer Review, the Institute has undertaken Training Programmes for Reviewers. Training Modules for Reviewers are also under preparation in this regard.

### **STATEMENT OF CONFIDENTIALITY**

The process of Peer Review requires high level of integrity on the part of the Peer Reviewer and any Authorised Assistant who may assist him during the Review. The Board has prescribed a Statement of Confidentiality for this purpose, which is placed as Appendix III of this Manual. Before accepting to undertake a Peer Review, the Reviewer and any other Authorised Assistant who may assist him in the Peer Review, are required to sign this Statement of Confidentiality and shall send the same to the Peer Review Board. This statement of Confidentiality should be renewed every year.

### **METHODOLOGY TO BE FOLLOWED BY REVIEWER**

#### *(a) Offsite review*

- This contemplates studying the information given by the

PU in the Questionnaire (Refer Appendix IV) and based on the same make his own observations about possible areas where improvement is possible and to note other aspects to be discussed in personal meeting with PU.

(b) *Onsite review*

- Verification of information given by the PU.  
Test checks in respect of attestation assignments handled by the PU.
- Interaction with the staff & trainees of PU should be a part of the peer review.
- Calling for the records in respect of the client maintained by the PU to verify whether proper systems and procedures have been followed.

### **Compliance with Peer Review Guidelines**

Practice units are required to comply with the provisions of the Peer Review guidelines. Practice units failing in this regard will be required to undergo appropriate review of their quality controls by the Board in terms of such specific directions as may be given to it by the Council in this regard from time to time and as intimated to the members.

### **Selection of Members/ Firms Subject to Review**

Peer review will be implemented either on the basis of random selections from the practice units or at the request of practice unit. The Peer Review Board may alter/change/modify the above method of selection with prior approval of the Council.

### **Cost of Peer Review**

The cost of Peer Review for the reviewer and his qualified assistant(s) as may be decided by the Board from time to time, shall be borne by the Practice unit. In case reviewer has to conduct a second review, the same rate would apply to the second review also. Each of the branch/ office under review would be considered as a separate unit for the purpose of payment of cost of Peer Review.

If a company/concern requests the Board for the conduct of peer review of its secretarial auditor (practice unit), the Board shall take

due cognizance of such request and in that case the cost of the peer review shall be borne by such company/ concern.

If the Council / Government or any regulatory body requests the Board for conduct of peer review of any Practice Units, the Board shall take due cognizance of such request and in that case the cost of peer review shall be borne by the referred practice unit.

### **Obligations of the Practice Unit**

The Practice Unit under review shall provide access to any record or document as may be asked for by the reviewer. For these purposes:

Any person who is reasonably believed by a reviewer to have in his possession or under his control any record or other document, which contains or is likely to contain information relevant to the peer review shall:

- (1) (a) Produce to the reviewer or afford him access to, any record or document specified by the reviewer or any other record or document which is of a class or description so specified, and which is in his possession or under his control/ being in either case a record or other document which the reviewer reasonably believes is or may be relevant to the peer review, within such time as the reviewer may reasonably require;
  - (b) If so required by the reviewer, afford and provide to him such explanation or further particulars in respect of anything produced in compliance with a requirement under (1) above, as the reviewer shall specify; and
  - (c) Provide to the reviewer all assistance in connection with peer review which he is expected to provide.
- (2) Where any information or matter relevant to a practice unit is recorded otherwise than in a legible form, the practice unit shall provide and present to the reviewer a reproduction of any such information or matter, or of the relevant part in a legible form, with a suitable translation in English if the matter is in any other language, and such translation is requested for by the reviewer.
  - (3) The practice unit shall ensure that the reviewer is given access to all documents relevant to his review no matter which office

of the practice unit these documents may be available in, in case the practice unit has more than one office.

- (4) A practice unit shall allow the reviewer to inspect, examine or take any abstract of or extract from a record or document or copy therefrom which may be required by the reviewer.

### **Periodicity of Peer Review**

The peer review of every practice unit should be mandatorily carried out at least once in a block of five years. However, if the Board so decides or otherwise at the request of the practice unit, the peer review for such a practice unit can be conducted at shorter intervals.

### **Review Framework**

Essentially, a peer review entails a review of attestation engagement records and related financial/other statements to ascertain whether the practice unit is adhering to Technical Standards. Where a practice unit is not following Technical Standards in certain situations, suggestions and recommendations for improvement may be made, and possibly followed by a further review, in keeping with the primary thrust of peer review.

### **Reporting**

The central element of a peer review is the assessment i.e. the professional judgement by the peers. Para 16.3 of the Guidelines for Peer Review contains provisions for the report of Peer Reviewer. It has been provided that at the end of an on-site review, the reviewer shall, before making his report to the Board, communicate a preliminary report to the practice unit. The reviewer shall report on the areas where systems and procedures had been found to be deficient or where he has noticed non-compliance with reference to any other matter. In arriving at this conclusion, the Reviewer shall be expected to examine the materiality of the non-compliance or deficiency, the number of occasions when such non-compliance was noticed and its overall impact on the quality of attestation service rendered by the P.U.

The different stages of reporting are covered in detail in a subsequent Chapter.

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## CHAPTER 3

# QUESTIONNAIRE FOR PRACTICE UNITS

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The Peer Review process requires each Practice Unit (PU) to provide some basic information about the PU to the Reviewer [as contemplated in clause 8.2(1) of the Guidelines] in the questionnaire specifically designed by the Board for the purpose.

The questionnaire with the answers provided, would enable the reviewer to make a fair assessment as to the Key Control Areas prevalent in the PU and the degree of reliance that can be placed on the internal control mechanism and records maintained by the PU.

Most of the questions are of objective type which can be answered in simple YES or NO. Some of the questions may require a little explanation from the PU. In case any question is not relevant to a particular PU, it may be replied by writing “Not Applicable” as the answer, with reasons for the same.

The questionnaire is expected to act as guidance to the PUs as to the basic internal control measures that each Practice Unit should normally undertake. Non-existence of any of the internal control measures as elucidated in the questionnaire does not necessarily mean that the PU has failed in any aspect related to quality of service. Still it is desirable that the PU has in place all the internal control mechanisms contained in the questionnaire as a measure of good practice.

All the responses to the questionnaire would be kept **strictly confidential** by the reviewer and his team and no information contained therein would be shared with any third party.

The reviewer places a great deal of reliance on the responses provided by the PU in the questionnaire while designing his / her review plan. Care should therefore be taken by the PU while answering the questions. For the ready reference of readers, a copy of the questionnaire is placed as **Appendix IV** of this Manual.

## CHAPTER 4

### REVIEW PROCESS

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The various steps in the Peer Review Process have been enumerated in **Appendix VIII** for the benefit of the readers.

The methodological approach involved in peer review can be described in terms of four stages viz., preparation, planning, execution and reporting, which are summarized below:

#### **(i) Preparation**

A practice unit will be notified in writing about an impending peer review and will be sent a Questionnaire for completion, the PU is required to send the duly filled in Questionnaire to the Board. Return of completed Questionnaire - The practice unit shall have to complete and return the Questionnaire within 15 days of the notification. The information will be used for the planning of the review. In addition, practice units will be required to enclose a complete list of their attestation services clients for the year in respect of which the review is being done.

The Board will send a panel of three suggested names of reviewers, along with their brief profiles. The practice unit will have to give its choice of reviewer within a period of 15 days from the day of receipt of the panel sent by the Board. In case the practice unit would like to have reviewers from another State/ Region (and undertakes to bear the extra costs that would be incurred for TA/DA etc.) and none of the reviewers as identified by the Board for the practice unit are from outside the place of business of the practice unit, then the practice unit may make a special request to the Board to provide names of reviewers from outside the State/Region where the practice unit has its/his place of business. The Board will send an assignment letter to the selected reviewer for his/her consent.

**(ii) Planning**

On acceptance of the peer review by the selected reviewer, the PU will be notified.

The reviewer may also require the PU to provide any other information the reviewer considers necessary to facilitate the selection of a sample of attestation services engagements, representative of the practice unit's client portfolio, for review.

- *Sample of Attestation services Engagements*
  - (a) From the complete attestation services client list, an initial sample will be selected by the reviewer. Practice units will be notified of the selection in writing about two weeks in advance, requesting the relevant records of the selected attestation services clients to be made available for review.
  - (b) At the execution stage, the initial sample may be reduced to a smaller actual sample for review. However, if the reviewer considers that the actual sample does not cover a fair cross-section of the practice unit's attestation services engagements, he may make further selections.
- Confirmation of visit

In consultation with the practice unit, date(s) will be set for the on-site review to be carried out. Flexibility will be permitted to ensure that practice units are not inconvenienced at especially busy periods. The on-site review date(s) will be arranged by mutual consent such that the review is concluded within sixty days of notification.

**(iii) Execution****(i) On site review**

Peer review visits will be conducted at the practice unit's head office or other officially noted/ recorded place of office. The complete on-site review of a practice unit may take one or two full days depending upon the size of the

practice unit and scope of the peer review. This is based on the assumption that the practice unit concerned has made all the necessary information and documentation available to the reviewer for his review. However, in any case this on-site review should not extend beyond three working days.

(ii) *Initial meeting*

An initial meeting will be held between the reviewer and the sole proprietor/ a partner of the practice unit designated to deal with the review (designated partner). The primary purpose of this meeting is to discuss the agenda of the peer visit and confirm the accuracy of the responses given in the Questionnaire. The description of the system in the Questionnaire may not fully explain all the relevant procedures and policies adopted by the practice unit and this initial meeting can provide additional information. The reviewer should have a full understanding of the system and be able to form a preliminary evaluation of its adequacy at the conclusion of the meeting. During the meeting, a decision can also be taken on the evaluation method and the person(s) in the office of the PU to be interviewed and who will be able to assist the Reviewer in completing the Peer Review Process during his/her visit.

(iii) *Compliance Review-General Controls*

(a) The reviewer may carry out a compliance review of the General Controls and evaluate the degree of reliance to be placed upon them. The degree of reliance will, ultimately, affect the attestation services engagements to be reviewed. The following five key controls will be considered as General Controls:

- Independence
- Maintenance of Professional Skills and standards
- Outside Consultation
- Staff Supervision and Development
- Office Administration



Practice units are expected to address each of the five key control areas.

- (b) In each key control area there shall be supplementary questions and matters to consider. These are intended to ensure that the controls that are expected to be maintained, are installed and operated within practice units.
  - (c) All questions in the questionnaire may not necessarily be relevant to particular types of practice units because of its size, nature and type of its practice. However, practice units should still assess their internal control systems to ascertain whether they address the objectives under the five key control areas.
  - (d) The Reviewer should evaluate these general controls to understand the functioning of the office of the Practice Unit.
- (iv) *Selection of attestation services engagements to be reviewed*
- (a) The number of attestation services engagements to be reviewed depends upon:
    - The number of practicing members involved in attestation services engagements in the practice unit;
    - The degree of reliance placed, if any, on general quality controls; and
    - The total number of attestation services engagements undertaken by the practice units for the period under review.
  - (b) The engagements reviewed should be a balanced sample from a variety of different types of companies. Accordingly, if the reviewer considers that the actual sample is not representative of the practice unit's attestation services client portfolio, he may make further selections from the initial sample or from the complete attestation services client list.

(c) The Reviewer should not undertake Peer Review of attestation engagements which have been the subject matter of disciplinary proceedings nor should the Practice Unit influence the Reviewer to select such engagements for Peer Review.

(v) *Review of records*

The reviewer may adopt a compliance approach or substantive approach or a combination of both in the review of attestation services engagement records.

(a) Compliance approach - Attestation services engagements

- The compliance approach is to assess whether proper control procedures have been established by the practice unit to ensure that attestation services are being performed in accordance with Technical Standards.
- Practice units should have procedures and documentation sufficient to cover each of the key areas. If Members in smaller practices find some of the documentation too elaborate for their clients and they tailor their attestation services documentation to suit their particular circumstances with justification for doing so should be provided to the reviewer.
- If the size of the Practice Unit is small or medium (a matter left to the judgement of the Reviewer), the Compliance Approach may not be appropriate. In such a case, the Reviewer may choose the Substantive Approach for conduct of Review.

(b) Substantive approach - Attestation services Engagements

A substantive approach will be employed if the reviewer chooses not to place reliance on the practice unit's general controls on attestation 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. This approach requires a review of the attestation working papers in order to establish whether the attestation work has been carried out as per norms of Technical Standards. The reference material related to Technical Standards is provided as **Appendix V** of this Manual.

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## CHAPTER 5

# REPORTING

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Para 16.3 of the Guidelines contains provisions for reports of Peer Reviewer.

### **(i) Preliminary Report of Reviewer**

It has been provided that at the end of an on-site review, the Reviewer shall, before making his report to the Board, communicate a Preliminary Report to the practice unit. The reviewer shall report on the areas where systems and procedures had been found to be insufficient or deficient or where any non-compliance has come to his notice with reference to any matter. The reviewer shall not name any individual in his reports. The Reviewer need not communicate any Preliminary Report if he has not noticed any instance of non-compliance or deficiency during the Peer Review. In such a case, the Reviewer shall submit a Final Report to the Board. All Reports shall be prepared on the letterhead of the Reviewer, signed by him and should contain his Membership Number/C.P. No. and the Reviewer's Code Number allotted by the Board.

#### Response to the Preliminary Report

- The practice unit shall, within 21 days beginning the day after the day the Preliminary Report is received by the practice unit from the Reviewer, make any submissions or representations, in writing concerning the Preliminary Report to the Reviewer,

### **(ii) Interim Report of Reviewer**

- (a) In case the reviewer is not satisfied with the reply of the practice unit, the reviewer shall submit his Interim Report to the Board.
- (b) On receiving such a report from a reviewer in terms of

these Guidelines, the Board, having regard to the Report and any submissions or representations attached to it, may:

- make recommendations to the practice unit concerned regarding the application by it of Technical Standards;
- if it is of the opinion that
  - In case the review is related to a firm, any one or more or all of the partners in the firm may have failed to observe, maintain or apply, as the case may be, the Technical Standards;
  - In case the review is related to a member practicing on his own account, the member may have failed to observe, maintain or apply, as the case may be, the Technical Standards;

Then;

- Issue instructions to the reviewer to carry out, within such period as may be specified in the instructions (which period shall not commence earlier than six months after the date on which the instruction is issued), a further peer review as regards the practice unit to which the report relates; and
- Specify in the instruction, the matters in respect of which the review is to be carried out;

(c) The Board will make recommendations to the practice unit where:

- Based on the report of the reviewer, it appears that the practice unit has satisfied all key control objectives, which the Board has determined and/or prescribed in respect of maintenance of/ adherence to Technical Standards but where further improvements could be made to internal quality control systems; and
- Based on the report of the reviewer, it appears that the practice unit has satisfied the major key control objectives but some weaknesses exist in others. The

practice unit is expected to consider the recommendations for rectifying the weaknesses thus identified and informed by the Board and take all necessary actions to ensure that all key control areas are addressed.

In pursuance of the provisions contained in the above clause or on receipt of a request from the practice unit, the Board may instruct the reviewer to again carry out the review after six months to verify that systems and procedures have been streamlined and /or modified as instructed by the Board and accordingly, on satisfying himself that the Practice Unit has streamlined or modified its systems and procedures as instructed by the Board, the Peer Reviewer shall submit a Final Report to the Board.

- (d) A follow up review will be required where the practice unit has not satisfied the Board that all the key control objectives have been maintained and where, in the view of the Board the deficiencies are likely to materially affect the overall quality of an attestation services engagement of the practice unit. In such cases the Board will also make recommendations, which it expects the practice unit to implement in order to ensure the maintenance of Technical Standards. The implementation of these recommendations will be examined during the follow up review, which may be ordered by the Board.
- (e) In case the reviewer is not satisfied even at the subsequent review, he shall submit his Final Report to the Board incorporating his reasons for dissatisfaction.

### **(iii) Final Report of Reviewer**

- (a) The reviewer will prepare the Final Report to the Board (the Reviewer's Report), incorporating the findings as discussed with the practice unit. The final report will be examined/inspected by the Board in terms of the degree of compliance with the Technical

Standards by the reviewed practice unit. The model forms of such final Reports shall be communicated to the reviewer by the Board.

- (b) The Board shall consider the reviewer's final report and the practice unit's submissions. Thereafter, the Board may issue recommendations, if considered appropriate, to the practice unit and/or instruct the Reviewer to perform any follow-up action. The Board may, if deemed fit, issue Peer Review Certificate to the practice unit.
- (iv) The reviewer shall not communicate any Report(s) unless the examination of such Report(s) and related records has been made by him or by a Qualified Assistant of his firm?

#### **OFFICE SYSTEMS AND PROCEDURES**

Under Guideline No.7.14(2)(iii) of the Guidelines for Peer Review of Attestation Services by Practising Company Secretaries, the Peer Review is expected to examine the Office systems and procedures with regard to compliance of attestation services.

The Reviewer shall verify whether the Practice Unit has adequate office systems and procedures in place. However, the extent and scale of these systems may vary from one practice unit to another, depending upon the size and scale of practice of the Practice Unit.

The Reviewer shall particularly examine the following aspects, besides forming his own judgment during the Review:

1. 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),
2. Whether allocation of attestation assignments among the Trainees are commensurate with the capability of the staff, whether the assignments are properly carried out and the attestation 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 (including apprentices) concerned with attestation functions, including appropriate infrastructure.**

Proper training and capacity development of the Apprentice Trainee(s) and other staff in the office of the Practice Unit is very essential to maintain the quality of attestation services. As it may become difficult for the Practice Unit to attend to every attestation service, most Practice Units generally rely on the Trainees for execution of the attestation services. In this context, the Peer Reviewer may examine whether:

1. The Apprentice Trainees are maintaining a Training Diary to record the work done every day and whether the Dairy is being examined by the Proprietor/Partner/Qualified Assistant of the Practice Unit periodically.
2. Whether any Staff Induction Process is in place.
3. Whether the Staff are periodically encouraged to attend any Training Program or any other Capacity Building Programme, including any in-house mechanism for their professional development.
4. Whether the office of the Practice Unit is equipped with a library or reference material relating to professional services.
5. Whether the overall décor/appearance of the office of the Practice Unit is satisfactory.

The list furnished above is only illustrative. The Peer Reviewer may like to examine any other matters also. However, in doing so, the Peer Reviewer shall keep in mind the size of the Practice Unit and its scale of operations.

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## CHAPTER 6

# DISPUTE RESOLUTION

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### **Manner, time and procedure for referring any disagreement between a Peer Reviewee and the Peer Reviewer**

A disagreement may have said to have arisen between the Peer Reviewee and the Peer Reviewer when any or all of the following circumstances is alleged to exist:

- i. The Peer Reviewer has qualified but has not exercised the desired competence in undertaking the Peer Review.
- ii. Proper procedure was not followed in the Peer Review Process.
- iii. Additional information has become available, which either because it was not available at the time of the Peer Review or for some good and sufficient cause was not presented to the Peer Reviewer or was not considered by him.
- iv. The observations of the Peer Reviewer are at variance with the information presented.

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

- i. If the Peer Reviewee is dissatisfied with the Peer Review, he may make a written request to the Peer Review Board, setting out the grounds on which the disagreement has arisen and requesting a resolution of the same.
- ii. The Written Request shall be forwarded to the Peer Review Board within 15 days of the date of the disagreement or the date of receipt of the Preliminary Report, whichever is earlier.
- iii. 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 Board within 15 days of the date of receipt of the request by the Peer Reviewer.
- iv. The Peer Review Board 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:

- i. Provide an opportunity to the Peer Reviewer and the Peer Reviewee for personal appearance;
  - ii. Call for any additional written statement from the Peer Reviewee or clarification from the Peer Reviewer which it considers appropriate or necessary for further examination of the case;
- v. On completion of the actions specified in para (iv) above, the Peer Review Board shall pass any one or more of the following Orders:
- i. Reject the request with reasons.
  - ii. Admit the request and appoint some other Peer Reviewer to undertake a re-examination of the case.
  - iii. Pass such Order as it deems fit.
- vi. The Order of the Peer Review Board shall be communicated to the Peer Reviewer and Peer Reviewee within 30 days of the date of the decision of the Board.
- vii. A copy of the Order shall be forwarded to the Council.

**Appeal against the Order of the Peer Review Board**

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

If an Appeal has been filed by the Peer Reviewee against the Order of the Peer Review Board, all Peer Review Proceedings in respect of the Peer Reviewee shall be kept in abeyance until final disposal of the Appeal by the Council.

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## **APPENDICES**

## **APPENDIX I**

# **Guidelines for Peer Review of Attestation Services by Practising Company Secretaries**

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### **ICSI Guideline No. 1 of 2011**

#### **Guidelines for Peer Review of Attestation Services by Practising Company Secretaries**

**(As amended by the Council in its 229th Meeting held on March 19-20, 2015)**

#### **1. Introduction**

The Company Secretaries Act, 1980 (the Act) was enacted to make provision for the regulation and development of the profession of Company Secretaries. The Institute of Company Secretaries of India set up under the said Act has been conducting examinations and prescribing standards for adherence by its members.

The concept of whole-time practice, which gained its initial recognition in 1988, gained momentum after the enactment of the Companies (Amendment) Act, 2000 which required Compliance Certificate to be issued by Practising Company Secretary for certain size of companies. Our members in practice are also being recognised for issuing certificates under various laws. The Companies Act, 2013 has also introduced secretarial audit.

Excellence is the hallmark of success in a competitive environment. The performance can be judged and enhanced to that level of excellence only by evaluation by a competent professional. The Council of the Institute, therefore, in its 202nd meeting held on 25th and 26th August, 2011 decided to introduce Peer Review for Practising Company Secretaries to periodically review the PCS firms and evaluate the quality, sufficiency of systems, procedures and practices, so that excellence in their performance is maintained.

The Council of the Institute of has been constituted under the Company Secretaries Act, 1980 for discharging the functions assigned to the Institute under the Act. Section 15 of the Act provides that “the duties of carrying out the provisions of this Act shall be vested in the Council” and enumerates various duties of the Council. With a view to regulate the profession of Company Secretaries and in terms of the powers vested, the Council is thus authorised to issue these guidelines for Peer Review and also modify/ amend/ adopt new guidelines in this respect from time to time. These guidelines serve as a mechanism intended to further enhance the quality of professional services rendered by Practising Company Secretaries over a period of time, thereby ensuring that the profession of Company Secretaries continues to serve the society in the manner envisaged.

## **2. Objectives**

- 2.1 The main objective of Peer Review is to ensure that in carrying out their attestation services and professional assignments, the PCS (a) comply with the Technical Standards laid down by the Institute and (b) have in place proper systems (including documentation systems) for maintaining the quality of the attestation services work they perform. The Council has specified in these guidelines for Peer Review, the Technical Standards in relation to which peer review is to be carried out. Peer review does not seek to redefine the scope and authority of the Technical Standards specified by the Council but seeks to enforce them within the parameters prescribed by the Technical Standards.
- 2.2 Peer Review is directed towards maintenance as well as enhancement of quality of attestation services and to provide guidance to members to improve their performance and adhere to various statutory and other regulatory requirements. Essentially, through a review of attestation services engagement records, peer review identifies the areas where a practising member may require guidance in improving the quality of his performance and adherence to various requirements as per applicable Technical Standards.
- 2.3 These guidelines provide a framework of the Peer Review

process and the requirements of what is expected of a member during the conduct of a peer review.

### **3. Key Definitions - For the purpose of these guidelines**

- 3.1 Attestation Services - Means services involving the secretarial audit and issuance of various certificates, but does not include:
- Management consulting Engagement;
  - Representing a client before the Authorities;
  - Testifying as expert witness; and
  - Providing expert opinion on points of principle, such as secretarial standards or the applicability of certain laws, on the basis of facts provided by the client;
  - The phrase 'Attestation Services' is used in these guidelines interchangeably with secretarial or compliance audit Services, Attestation Functions and secretarial audit functions.
  - Scope of Peer Review on attestation services shall be as per Para 7.1.(3).
- 3.2 Engagement Records – means the records relating to the attestation services covered in Para 7.1.3 and also includes the letter of engagement, if any, issued to the Practice Units.
- 3.3 Firm – means a sole practitioner, partnership or any other entity of professional Company Secretaries as may be permitted by law and constituted under The Company Secretaries Act, 1980 & Regulations made thereunder.
- 3.4 Member - Means a member of the Institute of Company Secretaries of India.
- 3.5 Partner – includes any individual with authority to bind the firm with respect to the performance of a professional services assignment.
- 3.6 Practice Unit - Means members in practice, whether practicing individually or a firm of Company Secretaries.
- 3.7 Peer Review - Means an examination and review of the systems, procedures and practices to determine whether they have been

put in place by the practice unit for ensuring the quality of attestation services as envisaged and implied/ mandated by the Technical Standards and whether these were effective or not during the period under review.

- 3.8 Peer Review Board - Means a Board established by the Council in terms of these Guidelines to conduct peer review. The expression "Peer Review Board" is hereinafter referred to as "Board".
- 3.9 Regulator – Means Government or any regulatory body constituted by the Parliament or State Legislature who is/are empowered to regulate the Acts which include various attestation services which the Council may, from time to time, prescribe to cover as attestation services for the purpose of peer review.
- 3.10 Reviewer -Means any member engaged to carry out peer review of practice unit from the panel of reviewers.
- 3.11 Technical Standards - Mean and include:
- Secretarial Standards issued by the Institute of Company Secretaries of India, wherever mandatory;
  - Guidance Notes on Secretarial Standards issued by the Institute of Company Secretaries of India;
  - Compliance of the Guidance Notes issued by the Institute of Company Secretaries of India;
  - Notifications/Directions issued by the Council of Institute of Company Secretaries of India; and
  - Compliance of the provisions of the various relevant Statutes and/or Regulations, which are applicable in the context of the specific engagements being reviewed.
- 3.12 Qualified Assistant – means a person assisting the reviewer for carrying out peer review, who is a member of the Institute and has undergone adequate training in the manner considered appropriate by the Board in terms of clause 15.1 of the Guidelines.
- 3.13 Words and expressions used and not defined in these guidelines shall have the meanings assigned to them under

the Company Secretaries Act, 1980 and the Company Secretaries Regulations, 1982 framed thereunder and as amended from time to time.

#### **4. Authority of the Guidelines on Peer Review**

4.1 The guidelines on Peer Review shall apply to all or any of the following cases :

- (a) Whenever a peer review is mandated
- (b) Whenever a peer review is requested
- (c) Whenever peer review is conducted

4.2 The Guidelines on Peer Review are issued in relation to conduct of members in attestation services:

- to promulgate an appropriate mechanism for ensuring the quality of attestation services and guide the members to conduct themselves in a manner that the Council considers appropriate;
- to provide guidance in relation to the statutory powers and obligations with respect to the parties involved in peer review;
- to prescribe the scope of peer review and the procedures to be adopted during the conduct of a peer review; and
- to establish the expected conduct of members during a peer review.

#### **5 Powers of the Council**

- To constitute the Board and to fill in the vacancies arising in the Board from time to time.
- To decide upon, from time to time, the Technical Standards, the implementation of which will fall within the purview of the peer review process.
- To refer such matters to the Board as the Council may deem fit.

#### **6 Peer Review Board**

6.1 *Establishment and Appointment*

- (1) The Board shall be established by the Council.



- (2) The Board shall consist of not less than seven members to be appointed by the Council, of whom at least four shall be from amongst the Members of the Council.
- (3) The balance members of the Board shall be drawn from amongst prominent members of high integrity and reputation, including but not limited to, former public officials, regulatory authorities etc.
- (4) The Council shall appoint the Chairperson and the Vice-Chairperson from amongst the Members of the Council.
- (5) At least one-half of Council Members on the Board shall hold Certificate of Practice.
- (6) The tenure of the Peer Review Board shall be co-terminus with the tenure of the Council and the term of a member shall be for such period as may be prescribed by the Council.
- (7) Any vacancy(ies) on the Board shall be filled in by the Council.
- (8) Members of the Disciplinary Committee of the Institute of Company Secretaries of India shall not concurrently serve on the Board.

## 6.2 Meetings

- (1) No business shall be transacted at a meeting of the Board unless there are present at least three members, including the Chairperson or, in his absence, the Vice-Chairperson.
- (2) If there is no quorum within half an hour of the time fixed for the meeting, the meeting shall stand adjourned to a date, time and place fixed by the Chairperson or, in his absence, the Vice-Chairperson.
- (3) The Board shall meet not less than four times in a year, provided that not more than 120 days shall elapse between two consecutive meetings of the Board.

## 6.3 Reporting

The Board shall submit proceedings of the meeting of the Board within 30 days from the date of its meeting, to the Council.

## 7. Scope of Peer Review

- 7.1 The peer review process is directed at the attestation services as per Para 7.1(3) of a practice unit.

- (1) Once a practice unit is selected for review, its engagement records pertaining to the immediately preceding financial year shall be subjected to review.
- (2) The Review shall focus on:
  - (i) Compliance with Technical Standards.
  - (ii) Quality of Reporting.
  - (iii) Office systems and procedures with regard to compliance of attestation services, systems and procedures.
  - (iv) Training Programs for staff (including trainees) concerned with attestation functions, including appropriate infrastructure.
- (3) The following attestation services will be covered:
  - (i) Signing of Annual Return pursuant to proviso to subsection (1) of section 161 of the Companies Act, 1956.
  - (ii) Certification/ Signing of Annual Return pursuant to section 92 of the Companies Act, 2013.
  - (iii) Issuance of Compliance Certificate pursuant to proviso to subsection (1) of section 383A of the Companies Act, 1956.
  - (iv) Issuance of Secretarial Audit Report in terms of Section 204 of the Companies Act, 2013
  - (v) Issuance of Certificate of Securities Transfers in Compliance with the Listing Agreement with Stock Exchanges.
  - (vi) Certificate of reconciliation of capital, updation of Register of Members, etc. as per the Securities & Exchange Board of India's Circular D & CC/Cir-16/2002 dated December 31, 2002.
  - (vii) Conduct of Internal Audit of Operations of the Depository Participants.
  - (viii) Certification under Clause 49 of the Listing Agreement.

Since law is a dynamic subject, situations may arise whereby regulatory prescriptions may necessitate certification in other areas also in due course. The Council may include other

attestation services under the scope of Peer Review from time to time.

Wherever there is a mention of the Companies Act 2013 it is to be read with its Rules, Notifications, Circulars, Guidelines etc. issued from time to time by the Ministry of Corporate Affairs.

## **8 Powers of the Board**

- 8.1 The duty of carrying out the provisions of these guidelines shall be vested in the Board.
- 8.2 In particular, and without prejudice to the generality, of the foregoing powers, the duties of the Board shall include:
  - (1) To call for information from practice units in such form, as amended from time to time, as it deem fit.
  - (2) To maintain a panel of Reviewers.
  - (3) To define the terms of appointment of the reviewers.
  - (4) To send a Panel of at least 3(three) reviewers (from the Board's own panel) to the practice unit and allow the practice unit to choose any one reviewer from the panel so forwarded to it.

Provided that in case the practice unit would like to have reviewers from another State/Region (and undertakes to bear the extra costs that would be incurred for TA/DA etc.) and none of the reviewers as identified by the Board for the practice unit are from outside the place of business of the practice unit, then the practice unit may make a special request to the Board to provide names of reviewers from outside the State/Region where the practice unit has his place of business.

- (5) To examine the aspects of basis of selection of records pertaining to the attestation services in terms of the appropriate Technical Standards.
- (6) To arrange for such training programs for reviewers as may be deemed appropriate;
- (7) To prescribe the system, practice and procedure to be observed in relation to peer reviews; and

- (8) On considering the Report of a reviewer, to do any or all of the following:
    - (a) To issue recommendations to the practice unit;
    - (b) To order a further peer review to be carried out;
  - (9) After considering the report of the reviewer and compliance of recommendations by the Practice Unit, wherever deemed appropriate by the Board, to issue Peer Review Certificate.
  - (10) To guide the members on best practices on peer review.
- 8.3 Where deemed appropriate, after the conclusion of a cycle of reviews or at the end of each such period as may be determined, the Board shall have the powers to make a Special Report to the Council on:
- (i) General issues regarding the level of implementation and adherence to Technical Standards amongst practice units.
  - (ii) Its own suggestions for further improvement in quality of attestation services.
- 8.4 The Board may perform any other thing or act as may be incidental to, or, which it considers necessary or expedient for the performance of its functions, or exercise of its powers as delegated to it by the Council, including the formation of sub-committees and regional benches of the Board for specific tasks.

## **9. Compliance with Peer Review Guidelines**

- 9.1 Practice units are required to comply with the provisions of these guidelines. Practice units failing in this regard will be required to undergo appropriate review of their quality controls by the Board in terms of such specific directions as may be given to it by the Council in these regards from time to time, and as notified to the members.
- 9.2 Practice Units failing to comply with these Guidelines shall be liable for disciplinary action as provided under the Company Secretaries Act, 1980.

## **10. Qualifications of the Reviewer**

- 10.1 The nature and complexity of peer review require the exercise

of professional judgement. Accordingly, an individual serving as a reviewer shall:-

- a) Be a member;
- b) Possess at least 10 (ten) years experience; and
- c) Be currently in practice as Company Secretary in Practice;

10.2 The Board may examine the quality of the report and shall have powers to remove the reviewer from the panel of reviewers in case the quality of the review/report fails to match the desired standards.

10.3 Sitting members on the Council / Regional Council and sitting Office Bearers of Managing Committee of the Chapter(s) of the ICSI shall not act as Peer Reviewers till they demit their office.

## **11. Members/ Firms Subject to Review**

11.1 Peer review will be implemented on the basis of random selections from the practice units or at the request of practice unit or in the situations mentioned in 11.2 and 11.3 given below.

11.2 If company/concern requests the Board for the conduct of peer review of its secretarial auditor (practice unit), the Board shall take due cognizance of such request and in that case the cost of the peer review shall be borne by such company/ concern.

11.3 If Council / Government or any regulatory body requests the Board for conduct of peer review of any Practice Units, the Board shall take due cognizance of such request and in that case the cost of peer review shall be borne by the referred practice unit.

11.4 The Peer Review Board may alter/change/modify the above method of selection with prior approval of the Council.

## **12. Obligations of the Practice Unit**

12.1 Provisions of access to any record or document to a reviewer:

- (1) Any person to whom this clause applies and who is reasonably believed by a reviewer to have in his possession or under his

control any record or other document, which contains or is likely to contain information relevant to the peer review shall:

- (i) Produce to the reviewer or afford him access to, any record or document specified by the reviewer or any other record or document which is of a class or description so specified, and which is in his possession or under his control/ being in either case a record or other document which the reviewer reasonably believes is or may be relevant to the peer review, within such time as the reviewer may reasonably require;
  - (ii) If so required by the reviewer, afford and provide to him such explanation or further particulars in respect of anything produced in compliance with a requirement under sub clause (i) above, as the reviewer shall specify; and
  - (iii) Provide to the reviewer all assistance in connection with peer review which he is expected to provide.
- (2) Where any information or matter relevant to a practice unit is recorded otherwise than in a legible form, the practice unit shall provide and present to the reviewer a reproduction of any such information or matter, or of the relevant part or it in a legible form, with a suitable translation in English if the matter is in any other language, and such translation is requested for by the reviewer.
  - (3) The practice unit shall ensure that the reviewer is given access to all documents relevant to his review no matter which office of the practice unit these documents may be available in, in case the practice unit has more than one office.
  - (4) A practice unit shall allow the reviewer to inspect, examine or take any abstract of or extract from a record or document or copy therefrom which may be required by the reviewer.
- 12.2 For the purpose of this clause a person means a Partner/ Sole Proprietor of the practice unit to which the particular review relates or any person employed by or whose services are engaged by such unit.

### **13. Periodicity of Peer Review**

- 13.1 The peer review of every practice unit should be mandatorily

carried out at least once in a block of five years. However, if the Board so decides or otherwise at the request of the practice unit, the peer reviews for a practice unit can be conducted at shorter intervals.

#### **14. Cost of Peer Review**

- 14.1 The cost of Peer Review for reviewer and his qualified assistant(s) as may be decided by the Board from time to time, shall be borne by the Practice unit. In case reviewer has to conduct second review, the same rate would apply to the second review also. Each of the branch/ office under review would be considered separately.

#### **15. Training and Development**

- 15.1 To ensure that the objective of peer review is attained in letter and spirit, adequate training facilities shall/be provided, from time to time, to the Reviewer(s) and to the qualified assistants and also to other persons who assist the Board as and when and in the manner considered appropriate by the Board. Reviewers shall be expected to be fully familiar with all procedures, prescriptions, guidelines and other decisions as may be issued by the Board from time to time.

#### **16. Review Framework**

- 16.1 Essentially, a peer review entails a review of engagement records and related statements to ascertain that the practice unit is adhering to Technical Standards. Where a practice unit is not following Technical Standards in certain situations, suggestions and recommendations for improvement may be made, and possibly followed by a further review, in keeping with the primary thrust of peer review.
- 16.2 The methodological approach involved in peer review can be defined in terms of three stages viz., planning, execution and reporting, which are summarized below:

(i) *Planning*

Notification - A practice unit will be notified in writing about an impending peer review and will be sent a Questionnaire for completion.

Return of completed Questionnaire - The practice unit shall have to complete and return the Questionnaire to the Secretariat within 30 (thirty) days of receipt. The information will be used for the planning of the review. In addition, practice units will be required to enclose a complete list of their attestation services, and to provide any other information the reviewer considers necessary to facilitate the selection of a sample of attestation services, engagement records which will be representative of the practice unit's client portfolio, for review.

(ii) *Sample of Attestation services Engagements*

(a) From the complete list of attestation services, an initial sample will be selected by the reviewer. Practice units will be notified of the selection in writing about 2 (two) weeks in advance, requesting the relevant records of the selected attestation services, to be made available for review.

(b) At the execution stage, the initial sample may be reduced to a smaller actual sample for review. However, if the reviewer considers that the actual sample does not cover a fair cross-section of the practice unit's attestation services engagements, he may make further selections.

(iii) *Confirmation of visit*

In consultation with the practice unit, date(s) will be set for the on-site review to be carried out. Flexibility will be permitted to ensure that members are not inconvenienced at especially busy periods. The on-site review date(s) will be arranged by mutual consent such that the review is concluded within 60 (sixty) days of intimation.

(i) Peer review visits will be conducted at the practice unit's head office or other officially noted/ recorded place of office. The complete on-site review of a practice unit may take at least a full day depending upon the size of the practice unit. This is based on



the assumption that the practice unit concerned has made all the necessary information and documentation available to the reviewer for his review. However, in any case this on-site review should not extend beyond 3 (three) working days.

(ii) Initial meeting

An initial meeting may be held between the reviewer and a partner/ sole proprietor of the practice unit designated to deal with the review (designated partner). The primary purpose of this meeting is to confirm the accuracy of the responses given in the Questionnaire. The description of the system in the Questionnaire may not fully explain all the relevant procedures and policies adopted by the practice unit and this initial meeting can provide additional information. The reviewer should gather a full understanding of the system and be able to form a preliminary evaluation of its adequacy at the conclusion of the meeting.

(iii) Compliance Review-General Controls

(a) The reviewer may carry out a compliance review of the General Controls and evaluate the degree of reliance to be placed upon them. The degree of reliance will, ultimately, affect the attestation services engagements to be reviewed. The following 5 (five) key controls will be considered as General Controls:

- Independence
- Maintenance of Professional Skills and standards
- Outside Consultation
- Staff Supervision and Development
- Office Administration including maintenance of registers and records

Practice units are expected to address each of the 5 (five) key control areas.

- (b) In each key control area there shall be supplementary questions and matters to consider. These are intended to ensure that the kind of controls that are expected to be maintained, are installed and operated within practice units.
  - (c) All questions in the questionnaire may not necessarily be relevant to particular types of practice units because of the size and culture etc. However, practice units should still assess their internal control systems to ascertain whether they address the objectives under the five key control areas.
- (iv) Selection of attestation services engagements to be reviewed
- (a) The number of attestation services engagements to be reviewed depends upon:
    - The number of practicing members involved in attestation services engagements in the practice unit;
    - The degree of reliance placed, if any, on general quality controls; and
    - The total number of attestation services engagements undertaken by the practice units for the period under review.
  - (b) The engagements reviewed should be a balanced sample from a variety of different types of companies. Accordingly, if the reviewer considers that the actual sample is not representative of the practice unit's attestation services client portfolio, he may make further selections from the initial sample or from the complete attestation services list.
- (v) Review of records

The reviewer may adopt a compliance approach or substantive approach or a combination of both in the review of attestation services engagement records.

(a) Compliance approach-Attestation services Engagements

- The compliance approach is to assess whether proper control procedures have been established by the practice unit to ensure that attestation services are being performed in accordance with Technical Standards.
- Practice units should have procedures and documentation sufficient to cover each of the key areas. Members in smaller practices may find some of the documentation too elaborate for most of their clients and so should tailor their attestation services documentation to suit their particular circumstances with justification for doing so provided to the reviewer.

(b) Substantive approach-Attestation services Engagements

A substantive approach will be employed if the reviewer chooses not to place reliance on the practice unit's specific controls on attestation engagements or is of the opinion that the standard of compliance is not satisfactory. This approach requires a review of the attestation working papers in order to establish whether the attestation work has been carried out as per norms of Technical Standards.

16.3 Reporting

(i) Preliminary Report of Reviewer

- At the end of an on-site review, the reviewer shall, before making his report to the Board, communicate a preliminary report to the practice unit. The reviewer shall report on the areas where systems and procedures had been found to be deficient or where he has noticed non-compliance with reference to any other matter.

- The reviewer shall not name any individual in his reports.
  - The practice unit shall have 21(twenty one) days beginning the day after the day the preliminary report is received, by the practice unit from the reviewer to make any submissions or representations, in writing to the reviewer, concerning the preliminary report.
- (ii) Interim Report of Reviewer
- (a) If the reviewer is satisfied with the reply received from the practice unit, he shall submit an appropriate Report to the Board.
  - (b) In case the reviewer is not satisfied with the reply of the practice unit, the reviewer shall accordingly submit his Interim Report to the Board.
  - (c) In pursuance of the provisions contained in the clause or on receipt of a request from the practice unit, the Board may instruct the reviewer to - again carry out the review after 3 (three) months of the date of submission of the interim report, but within 6 (six)months of the same to verify that systems and procedures have been streamlined and accordingly, on being satisfied, submit a report to the Board.
  - (d) On receiving a report from a reviewer in terms of these, the Board, having regard to the Report and any submissions or representations attached to it, may:
    - make recommendations to the practice unit concerned regarding the application by it of Technical Standards;
    - if it is of the pinion that
      - (1) In case the review is related to a firm, any one or more or all of the partners in the firm may have failed to observe, maintain or apply, as the case may be, Technical Standards;
      - (2) In case the review is related to a member

practicing on his own account, the member may have failed to observe, maintain or apply, as the case may be, Technical Standards;

Then;

- (3) Issue instructions to the reviewer to carry out, within such period as may be specified in the instructions (which period shall not commence earlier than six months after the date on which the instruction is issued), a further peer review as regards the practice unit to which the report relates; and
- (4) Specify in the instruction, the matters as regards which the review is to be carried out;

- (e) The Board will make recommendations to the practice unit where:

Based on the report of the reviewer, it appears that the practice unit has satisfied all key control objectives, which the Board has determined and/or prescribed in respect of maintenance of/ adherence to Technical Standards but where further improvements could be made to internal quality control systems; and

Based on the report of the reviewer, it appears that the practice unit has satisfied the major key control objectives but some weaknesses exist in others. The practice unit is expected to consider the recommendations for rectifying the weaknesses thus identified and informed by the Board and take all necessary actions to ensure that all key control areas are addressed.

- (f) A follow up review will be required where the practice unit has not satisfied the Board that all the key control objectives have been maintained and where, in the view of the Board the deficiencies are likely to materially affect the overall quality of an attestation services engagement of the practice unit. In such cases the Board will also make recommendations,

which it expects the practice unit to implement in order to ensure the maintenance of Technical Standards. The implementation of these recommendations will be examined during the follow up review.

- (g) In case the reviewer is not satisfied even at, the subsequent review, he shall submit his Report to the Board incorporating his reasons for dissatisfaction.

(iii) Final Report of Reviewer

- (a) The reviewer will prepare a final Report to the Board (the Reviewer's Report), incorporating the findings as discussed with the practice unit. The final report will be examined/inspected by the Board in terms of the degree of compliance with the Technical Standards by the reviewed practice unit. The model forms of such final Reports shall be communicated to the reviewer by the Board.

- (b) The Board shall consider the reviewer's final report and the practice unit's submissions. Thereafter, the Board may issue recommendations, if considered appropriate, to the practice unit and/or instruct the Reviewer to perform any follow-up action. The Board may, if deemed fit, then issue Peer Review Certificate to the practice unit.

- (iv) The reviewer shall not communicate any Report(s) unless the examination of such Report(s) and related records has been made by him or by a partner or an employee of his firm.

## **17 Referral of Disputes and Appeal**

- 17.1 Where a dispute arises over the powers of reviewers or the process or conclusions reached after the review or to any other matter related to the review, the practice unit, the reviewer or both may refer the dispute, in writing, to the Board. Such referral shall have to be made within 2 (two) months of occurrence of the issue in dispute, in such manner as may be prescribed by the Board in this regard.

- 17.2 Where a dispute is referred, after considering any submissions or representations (which shall be made in writing) made by the relevant practice unit and/or the relevant reviewer, the Board-
- Shall decide the dispute within 6 (six) months of the reference and communicate such decision to each of the parties to the dispute, simultaneously;
  - May issue directions relating to the matter in dispute to such practice unit or the reviewer concerned and require such unit or reviewer to comply with them within 30 (thirty) days and send a report to the Board of the said compliance within 15 (fifteen) days of such compliance;
  - Shall convey its decision in these regards to each of the parties within 15 days from the date of the decision.
- 17.3 Where a practice unit is dissatisfied with the decision of the Board, it may refer the matter to the Council within 2 (two) months in such manner as may be prescribed.

## **18. Immunity**

- 18.1 A practice unit, which makes available records or documents to a reviewer, shall not incur any liability under the Code of Conduct under the Company Secretaries Act, 1980 and the Regulations framed thereunder, by reason of compliance with these Guidelines on Peer Review.
- 18.2 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.
- 18.3 The members of the Peer Review Board shall not incur any liability by virtue of their having discharged the responsibilities as given in these Guidelines and/or as may in future be specified by the Council, other than the liability arising out of their 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.

## **19 Confidentiality**

- 19.1 Strict confidentiality provisions shall apply to all those involved in the peer review process, namely, reviewers, members of the Board, the Council, or any person who assists any of these parties.
- 19.2 Those persons subject to the secrecy provision:
- (1) Shall at all times after his/ their appointment preserve and aid-in preserving secrecy with regard to any matter coming to his/ their knowledge in the performance or in assisting in the performance of any function, directly or indirectly related to the process and conduct of peer review.
  - (2) Shall not at any time communicate any such matter to any other person; and
  - (3) Shall not at any time permit any other person to have any access to any record, document or any other material in any form which is in his/their possession or under his/ their control by virtue of his/their being or having been so appointed or his/their having performed or having assisted any other person in the performance of such a function.
- 19.3 Non-compliance with the secrecy provisions in the above clause shall amount to professional misconduct as defined under Section 22 of the Company Secretaries Act, 1980.
- 19.4 A statement of confidentiality (appended as Annexure 'A') shall be filled in by the persons who are responsible for the conduct of peer review i.e., reviewers/ the members of the Board and others who assist them.

## **20 Procedural Departures**

- 20.1 Where the persons who are responsible for the conduct of peer review (reviewers, the members of the Board and others who assist them) have not followed the prescribed procedures, they shall have to justify significant departures and such justification shall have to be mandatorily made known to the Council in the periodic Reports of the Board to the Council.



*Annexure 'A'*

**Statement of Confidentiality**

[In accordance with the Guidelines on Peer Reviews this statement of confidentiality is to be filled in by the persons who are responsible for the conduct of peer review i.e., reviewers, members of the Board and others who assist them, individually. The Reviewer shall be responsible for taking this undertaking from all those persons who assist him or are likely to assist him in conducting peer reviews, and shall send the same to the Board. This statement of Confidentiality should be renewed every year.]

To

The Chairman,  
Peer Review Board,  
The Institute of Company Secretaries of India

Sir,

I hereby declare that my attention has been drawn to the need for confidentiality in the conduct of peer reviews. I therefore undertake and assure that in so far as any or all of the following relate to me or are brought to my knowledge/attention, in any manner whatsoever, whensoever, I will ensure that on my part

- Working papers shall always be kept securely so that unauthorised access is not gained by anyone.
- The practice unit's attestation services procedures shall not be disclosed to third parties.
- Any information with regard to any matter coming to my knowledge in the performance or in assisting in the performance of any function during the conduct of peer reviews shall not be disclosed to any person.

Access to any record, document or any other material, in any form which is in my possession, or under my control, by virtue of my being or having been so appointed or my having performed or having assisted any other person in the performance of such a function, shall not at any time be permitted to any other person.

I understand that any breach of the provisions regarding confidential information contained in the Guidelines on Peer Review

will be considered as gross negligence and, subject to investigation, will result in appropriate action.

Signature:

Name:

Designation:

Date:

Place:

Taken on record on (date)

By

Signature:

Name:

Designation:

---

## APPENDIX II

### Proforma for Inclusion of Name in the Panel of “Reviewer” being constituted under the aegis of “Peer Review Board”

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To,

The Secretary  
Peer Review Board  
The Institute of Company Secretaries of India  
ICSI HOUSE  
22, Institutional Area, Lodi Road  
NEW DELHI - 110 003

Affix your Passport  
size Photo here

First Name	Middle Name	Last Name
1. Name : (IN CAPITAL LETTERS)		
2. Date of Birth (DD/MM/YY)		
3. Gender (M/F)		
4. Institute's Membership No. ACS/FCS		
5. C. P. Number		
6. Date of obtaining Membership (DD/MM/YYYY)		



Month and Year in which Membership(ACS or FCS) / CoP was obtained :

10. Details of Post Qualification Experience in Employment/ Practice\*

Professional Experience		No. of years experience	Name of the Employer/s	Work Assigned / Performed
From	To			

- \*Note : 1. For being appointed as Reviewer, a member should be currently in practice as a Company Secretary.  
 2. In case the space provided is insufficient entire information can be provided in supplementary sheet as per the structure provided herein above.

11. (a) Name of your Firm (b) Nature of Firm – Proprietorship/Partnership/LLP (c) Name(s) of Firms with which you are associated as a Partner or Associate.  In the event of Partnership/LLP, please mention names of other partners:	
	1. 2. 3. 4. 5.

12. No. of Trainees currently undergoing training under you/ your firm	
13. No. of qualified members associated with your firm as Associates and/ or Employees	
14. No. of Company Secretaries employed by your firm Give Name(s) and Membership No. of each	1. 2. 3. 4. 5.
15. Any past experience of carrying out Peer review work or work of similar nature.	
16. Any other information you wish to provide which could be considered by the Board for appointment of your goodself as reviewer.	
17. Number of Companies in which you are a Director and names of the Companies.	1. 2. 3. 4. 5.

18. Attestation services provided in the previous financial year:

- (a) No. of Compliance Certificates issued ...
- (b) No. of Secretarial Audit Reports issued ....
- (c) No. of Compliance Certificates under Clause 55A of Depositories & Participant Regulations, 1996 issued...

- (d) No. of Certificates issued under Clause 47 of Listing Agreement ...
- (e) No. of Diligence Reports issued for Banks ...
- (f) No. of Annual Returns Certified/Signed ...
- (g) No. of Compliance Certificates issued under Clause 49 of Listing Agreement .....

I hereby declare that:

- (a) I am a member of the ICSI
- (b) Possess at least Ten Years experience as Company Secretary.
- (c) I am currently in Practice
- (d) The particulars given above are true and correct to the best of my knowledge and belief.

Place .....

Date .....  
.....

Signature of Member

FOR OFFICE USE ONLY		
Acknowledgment No.	Acknowledgment Date	Reviewer Registration No.

## APPENDIX III

### Peer Review Board

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INFORMATION THAT MAY BE CALLED FROM PRACTICE UNIT (PU)  
AS CONTEMPLATED BY CLAUSE 8.2(1)  
OF PEER REVIEW GUIDELINES.

Confidential

**Part-A-Profile of the Practice Unit  
(Firm/Practising Company Secretary)**

1. Name of the Practice Unit (PU)  
\_\_\_\_\_
2. Status :  Partnership     Proprietorship     LLP
3. Date of establishment of the firm/Practising Company Secretary Registration (dd/mm/yyyy)
4. Address of the firm/PCS:
  - (a) Professional \_\_\_\_\_  
City \_\_\_\_\_ State \_\_\_\_\_ Pin \_\_\_\_\_
  - (b) Residential \_\_\_\_\_  
City \_\_\_\_\_ State \_\_\_\_\_ Pin \_\_\_\_\_
5. Details of Practice Unit
  - A. Telephone (with STD code) \_\_\_\_\_
  - B. Mobile Number(s) \_\_\_\_\_
  - C. Email ID \_\_\_\_\_
  - D. Website Address \_\_\_\_\_
  - E. Number of partners including self  
\_\_\_\_\_



## F. Number of Annual Returns Certified/Signed in last 2 years

2013	2014

## G. No. of Compliance Certificates issued under section 383A of Companies Act, 1956 in last 2 years

2013	2014

## H. No of Certificates Issued under clause 47C of the listing agreement in last 2 years

2013	2014

## I. No. of Secretarial Audit Reports issued in last 2 years

2013	2014

## J. No. of Compliance Certificates under Clause 55A of Depositories &amp; Participant Regulations, 1996 issued in last 2 years

2013	2014

- K. No of Compliance Certifications under Clause 49 of the Listing Agreement in last 2 years

2013	2014

- L. No. of Reconciliation of Share Capital issued under the provisions of Circular No. CIR/MRD/DP/ 30/2010 dated September 6, 2010 issued by the SEBI in last 2 years

2013	2014

- M. No. of Diligence Reports issued for Banks in last 2 years

2013	2014

- N. Number of Companies in which you are a director \_\_\_\_\_

6. Period under Review (dd/mm/yyyy) \_\_\_\_\_ to (dd/mm/yyyy) \_\_\_\_\_ .

(Please note: The period under review shall be previous financial year.)

7. Particulars of the constitution of the firm as on last day of the financial year under review

<i>Name(s)</i>	<i>Membership Number</i>	<i>Years of Practice/ Association with the firm (in years) and responsible for which tasks</i>	<i>Experience (in years)</i>

## 8. Particulars of Company Secretaries employed

<i>Name(s)</i>	<i>Membership Number</i>	<i>Association with the firm (in years)</i>	<i>Experience (in years)</i>

## 9. Details of change in constitution (partners / company secretaries employed), if any, during the year(s) under review:

<i>Name(s)</i>	<i>Membership Number</i>	<i>Date of joining the firm</i>	<i>Date of leaving the firm</i>

## 10. Number of other staff employed

- Qualified Assistant \_\_\_\_\_
- Other Professionals (specify qualifications) \_\_\_\_\_
- Trainees \_\_\_\_\_
- Other than above \_\_\_\_\_

## 11. Does the PU have any branch offices ? (Please tick )

- Yes       No

## 12. If yes, please give the location and name(s) of member(s) in charge of each branch, membership number, address and turnover from attestation services of these branches:

<i>Sr. No.</i>	<i>Member Incharge</i>	<i>M.No.</i>	<i>Location</i>	<i>Address</i>	<i>Turnover (Rs. In Lacs)</i>

## 13. Major Areas of Practice (Please tick)

- Company Law – Attestation Services

- Company Law – Non-attestation Services
- SEBI – Attestation Services
- SEBI – Non-attestation Services
- Service Tax
- Excise
- Customs
- FEMA
- Appearances before Judicial and Quasi-Judicial Bodies
- Corporate Restructuring
- Legal Opinions
- Income Tax
- IPR
- BIFR
- Reconciliation of Share Capital Audit
- Others

#### **Part – B – General Control**

<b>Independence</b>	<b>Yes</b>	<b>No</b>
14. Whether the PU has any material pecuniary interest (apart from fees) in respect of the Client(s) for whom attestation services have been rendered ?	<input type="checkbox"/>	<input type="checkbox"/>
15. Whether proprietor or any partner of the Practice Unit during the last five years becomes a Peer Reviewer? If you please mention his/her credentials.	<input type="checkbox"/>	<input type="checkbox"/>
16. Whether any partner or the proprietor of the PU worked as an employee in the companies for which he provided attestation services covered under the Guidelines?	<input type="checkbox"/>	<input type="checkbox"/>
17. Whether any relative of the partner or the proprietor of the PU works as an employee in the companies for which he/it provided attestation services covered under the Guidelines? For the purpose of determination		

	Yes	No
of relatives of the Companies Act, 2013 may be considered.		
18. Whether the PU provides or has provided any other services to the company in which he is engaged for rendering attestation services ?	<input type="checkbox"/>	<input type="checkbox"/>
19. Whether any of the employees of the PU worked in the company for which PU provided attestation service during the last five years?	<input type="checkbox"/>	<input type="checkbox"/>
20. Whether the proprietor or partner is a member of the Board of the company or any of its subsidiaries for which PU provided attestation service ?	<input type="checkbox"/>	<input type="checkbox"/>
<b>Maintenance of Professional Skills and Standards</b>		
21. Whether any partner/employee/associate of the PU who is a member of the Institute has received any order under Chapter V of the Institute of Company Secretaries Act, 1980 for Misconduct. If so, details thereof. _____ _____		
22. Does the PU mandate that all Company Secretaries employed by it comply with the Guidelines for Attending Professional Development Programmes of ICSI ?	<input type="checkbox"/>	<input type="checkbox"/>
23. Is there an in-house mechanism for continuing professional education ?	<input type="checkbox"/>	<input type="checkbox"/>
24. Does the PU monitor the continuing professional education by way of maintaining records thereof ?	<input type="checkbox"/>	<input type="checkbox"/>
25. Does the PU sponsor the Company Secretaries appointed by it for various Professional Development Programmes organized by ICSI/ other professional bodies ?	<input type="checkbox"/>	<input type="checkbox"/>

	Yes	No
26. Does the PU maintain a repository/library/e-library containing case studies, Journals, magazines, books of interest, etc. for reference?	<input type="checkbox"/>	<input type="checkbox"/>
<b>Outside Consultation</b>		
27. Does the PU have any mechanism in place for outside consultation ?	<input type="checkbox"/>	<input type="checkbox"/>
28. Are there any induction procedures established for new employees like:		
— Orientation to the firm and the profession?	<input type="checkbox"/>	<input type="checkbox"/>
— Discussion of office procedures including:		
o Distribution of reference material	<input type="checkbox"/>	<input type="checkbox"/>
o Requirements of ICSI	<input type="checkbox"/>	<input type="checkbox"/>
o Continuing Professional Education	<input type="checkbox"/>	<input type="checkbox"/>
<b>Independence</b>		
29. Is there a system for scheduling and staffing for carrying out an engagement ?	<input type="checkbox"/>	<input type="checkbox"/>
<b>Office Administration</b>		
30. Whether the works are assigned on the basis of the skill and competence of assistant(s) before assignment of attestation engagement?	<input type="checkbox"/>	<input type="checkbox"/>
31. Whether the progress of the attestation services is monitored by the service incharge and reviewed regularly ?	<input type="checkbox"/>	<input type="checkbox"/>
<b>Part – C – Performance of Attestation Engagements</b>		
<b>Service Record Administration</b>		
32. Does the PU ensure receipt of engagement letters before commencing the assignment?	<input type="checkbox"/>	<input type="checkbox"/>

	Yes	No
33. Does the PU have appropriate procedures for planning engagements ?	<input type="checkbox"/>	<input type="checkbox"/>
34. Are there any procedures established to ensure proper documentation with regard to attestation services ?	<input type="checkbox"/>	<input type="checkbox"/>
35. Does the PU maintain records in a manner so that the records are easily retrievable, as and when required ?	<input type="checkbox"/>	<input type="checkbox"/>
<b>Substantive Tests and Due Diligence</b>		
36. Whether Know Your Client (KYC) has been done for the clients voluntarily by the PU?	<input type="checkbox"/>	<input type="checkbox"/>
37. Does the firm obtain representation from the management on matters material to the engagement?	<input type="checkbox"/>	<input type="checkbox"/>
38. Does the PU obtain sufficient and appropriate documentary evidence and such are properly documented ?	<input type="checkbox"/>	<input type="checkbox"/>
39. Whether the PU as a policy consults the professional who undertook the assignment prior to the PU taking up the assignment ?	<input type="checkbox"/>	<input type="checkbox"/>
<b>Attestation Service Conclusion and Reporting</b>		
40. Does the PU document the findings and reasons thereof while carrying out attestation services ?	<input type="checkbox"/>	<input type="checkbox"/>
41. In case of a qualified report, does the PU provide reasons or disclaimers for such qualifications ?	<input type="checkbox"/>	<input type="checkbox"/>
42. Does PU report to the Financial Intelligence Unit (FIU) any irregularity which is covered under Money Laundering Act/ to ICSI being Self Regulatory body.	<input type="checkbox"/>	<input type="checkbox"/>

- |                                                                                                                             | Yes                      | No                       |
|-----------------------------------------------------------------------------------------------------------------------------|--------------------------|--------------------------|
| 43. Does PU reports the frauds committed against the company to its Board or the Audit Committee and to the Central Govt. ? | <input type="checkbox"/> | <input type="checkbox"/> |

Signature:

Name :

Date :

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## APPENDIX IV

### Reference Material Related to Technical Standards

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The The Institute had released the Guidelines for Peer Review of Attestation Services by Practising Company Secretaries as approved by the Council in its meeting held on August 25-26, 2011.

Under Sl. No. 3.8 of the guidelines, Technical Standards means and includes:

- Secretarial Standards issued by the Institute of Company Secretaries of India, wherever mandatory;
- Guidance Notes on Secretarial Standards issued by the Institute of Company Secretaries of India;
- Compliance of Guidance Notes on other subjects issued by the Institute of Company Secretaries of India;
- Notifications/Directions issued by the Council of Institute of Company Secretaries of India; and
- Compliance of the provisions of the various relevant Statutes and/or Regulations, which are applicable in the context of the specific engagements being reviewed.

Since the Peer Review Process involves examination of the degree of compliance with the Technical Standards, it is necessary for both the Reviewer and the P.U. to be fully familiar with the Secretarial Standards, Guidance Notes on Secretarial Standards, other Guidance Notes, Notifications/directions issued by the Council of ICSI and other relevant statutes or regulations which are applicable to the review engagement.

The Standards and Guidance Notes referred to are available as publications of the Institute and can be obtained from the Institute

on payment. For immediate reference, a synopsis of the Standards and Guidance Notes are furnished below

### **SECRETARIAL STANDARDS**

The Institute has so far issued the following Secretarial Standards:

1. SS-1: Secretarial Standard on Meetings of the Board of Directors
2. SS-2 Secretarial Standard on General Meetings
3. SS-3 Secretarial Standard on Dividend
4. SS-4 Secretarial Standard on Registers and Records
5. SS-5 Secretarial Standard on Minutes
6. SS-6 Secretarial Standard on Transmission of Shares and Debentures
7. SS-7 Secretarial Standard on Passing of Resolutions by Circulation
8. SS-8 Secretarial Standard on Affixing of Common Seal
9. SS-9 Secretarial Standard on Forfeiture of Shares
10. SS-10 Secretarial Standard on Board's Report

### **GUIDANCE NOTES**

In order to provide a practical guide to the members of the profession on various subjects relating to corporate secretarial functions, the Institute has been bringing out a number of Guidance Notes for the benefit of the members from time to time. For ready reference, the Guidance Notes brought out so far are listed below:

1. Guidance Note on Signing of Annual Return.
2. Guidance Note on Corporate Governance Compliance Certificate
3. Guidance Note on Compliance Certificate
4. Guidance Note on Meetings of the Board of Directors
5. Guidance Note on General Meetings
6. Guidance Note on Dividend

7. Guidance Note on Board's Report
8. Guidance Note on Diligence Report for Banks
9. Guidance Note on Internal Audit of Stock Brokers
10. Guidance Note on Certification under Investor Education and Protection Fund Rules
11. Guidance Note on Buy-Back of Securities
12. Guidance Note on Passing of Resolutions by Postal Ballot
13. Guidance Note on Preferential Issue of Shares
14. Guidance Note on Non-Financial Disclosures
15. Guidance Note on Board Processes
16. Guidance Note on Listing of Corporate Debt
17. Guidance Note on Related Party Transactions
18. Guidance Note on Code of Conduct for Company Secretaries
19. Guidance Note on Secretarial Audit

Peer Reviewers and Practice Units are expected to be familiar with the Secretarial Standards and Guidance Notes. During the course of Peer Review, the Reviewer is expected to examine the compliance of these Standards and/or Guidance Notes by the P U to the extent applicable

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## APPENDIX V

### **Guidelines for Requirement of Maintenance of a Register of Attestation / Certification Services Rendered by Practising Company Secretary / Firm of Practising Company Secretaries**

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In exercise of the powers conferred by Clause (1) of Part II of the Second Schedule to the Company Secretaries Act, 1980 (56 of 1980), as amended by the Company Secretaries (Amendment) Act, 2006, the Council of the Institute of Company Secretaries of India hereby issues the following guidelines :-

1. For the purpose of maintaining quality of attestation [certification]<sup>1</sup> services provided by Company Secretaries in Practice, every Practising Company Secretary (PCS)/Firm of PCS shall maintain a register regarding attestation [certification]<sup>1</sup> services provided by him/her/it, which shall be open for inspection by such person as may be authorised.
2. The Format of the register to be maintained by a Practising Company Secretary/Firm of Practising Company Secretaries regarding attestation / certification services is as under:

Sl. No.	Name and Registration No. of the company to which attestation / certification services* provided	Services rendered	Date of signing of Certificate/ Return/ Audit Report	Signature of the PCS	Signature of the person authorised for verification
1.	2.	3.	4.	5.	6.

- \* The various attestation certification services mean :
    - (i) Signing of Annual Return pursuant to proviso to sub-section (1) of section 161 of the Companies Act, 1956.
    - (ii) Issue of Compliance Certificate pursuant to proviso to sub-section (1) of section 383A of the Companies Act, 1956.
    - (iii) Issue of certificate of Securities Transfers in Compliance with the Listing Agreement with Stock Exchanges.
    - (iv) Certificate of reconciliation of capital, updation of Register of Members, etc. as per the Securities & Exchange Board of India's Circular D&CC/FITTC/Cir-16/2002 dated December 31, 2002.
    - (v) Conduct of Internal Audit of Operations of the Depository Participants.
    - (vi) Certification under Clause 49 of the Listing Agreement.
3. These Guidelines are effective from 1st January, 2008.

By order of the Council

N K JAIN, SECRETARY & CEO

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## APPENDIX VI

### Guidelines for Issuing Compliance Certificate and Signing of Annual Return

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In terms of the powers vested by Clause (1) of Part II of the Second Schedule to the Company Secretaries Act, 1980 (56 of 1980), as amended by the Company Secretaries (Amendment) Act, 2006, the Council of the Institute of Company Secretaries of India, in supersession of the Guidelines issued for Issuing Compliance Certificate and Signing of Annual Return on 27<sup>th</sup> November, 2007, hereby issues the following guidelines:-

#### Secretarial Audit

A member of the Institute holding a valid certificate of practice shall be entitled –

- i. to sign Secretarial Audit Report(s) pursuant to Section 204 of the Companies Act, 2013 (Act No. 18 of 2013) subject to the following limits, for each of the financial year under consideration:

<i>Sl. No.</i>	<i>No. of years as member of ICSI as on 1<sup>st</sup> April of each Financial Year</i>	<i>Number of Secretarial Audit Reports</i>
1	Upto and equal to 5 years	5
2	More than 5 years but less than or equal to 10 years	10
3	More than 10 years	20

Provided that in the case of a firm of Company Secretaries, the ceiling in respect of Secretarial Audit as aforesaid would apply to each partner.

These Guidelines shall come into effect for issue of Secretarial Audit Report for financial year 2015-2016 onwards.

### **Annual Return**

A member of the Institute holding a valid certificate of practice shall be entitled –

- i. to certify Annual Return pursuant to Section 92(2) of the Companies Act, 2013 (Act No. 18 of 2013), for not more than 80 companies for each of the financial year under consideration.
- ii. to sign Annual Return pursuant to Section 92(1) of the Companies Act, 2013 (Act No. 18 of 2013), for any number of companies, for each of the financial year under consideration.

These Guidelines shall come into effect for signing and certification of Annual Return for financial year 2014-2015 onwards.

Date: April 06, 2015

By Order of the Council

Place: New Delhi

**(CS Sutanu Sinha)**  
*Chief Executive & Officiating Secretary*

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ICSI Guideline No.1 of 2015 [Pursuant to Clause (1) of Part II of the Second Schedule to the Company Secretaries Act, 1980 as amended]

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## APPENDIX VII

### Steps in Peer Review

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1. Selection of Practice Unit to be Peer Reviewed on Random basis.
2. Intimation to Practice Unit impending Peer Review along with Questionnaire.
3. Return of Questionnaire within one month.
4. Panel of 3 suggested reviews be sent to Practice Unit.
5. Choice of Reviewers within 15 days to be intimated to Peer Review Board by Practice Unit.
6. Peer Reviewer be intimated of selection.
7. Consent of Peer Reviewer be received within 7 days.
8. Selection of Sample by the Peer Reviewer.
9. Intimation of sample to the Practice Unit two weeks in advance of visit by Peer Reviewer.
10. Fixation of date for onsite visit by Peer Reviewer after consultation with Practice Unit.
11. Onsite visit within 60 days from the date of Intimation to Peer Review about impending Peer Review.
12. Onsite review from one day to a maximum of three working days.
13. Initial meeting between the Peer Reviewer and sole proprietor/ partner of the Practice Unit so as to ensure accuracy of the responses to the Questionnaire.
14. Reviewer to carry out a compliance review of the General Controls and evaluate the degree of reliance to be placed on them.



15. Key control areas to be considered – Independence; Maintenance of Professional Skills and standards; Outside consultation; Staff supervision and Development; Office Administration.
  16. Review of Records by the Reviewer on Compliance Approach/ Substantive Approach.
  17. Preliminary Report of Reviewer to the Practice Unit reporting deficiencies in systems and procedures.
  18. Practice Unit may make submissions or representations in writing to the Peer Reviewer within 21 days from the date of receipt of the Preliminary Report.
  19. Interim Report by the Reviewer to the Peer Review Board based on his observations and the responses received from the Practice Unit.
  20. Peer Reviewer may conduct a review of attestation services again after a period of six months if so directed by the Peer Review Board.
  21. Peer Review Board may issue instructions to the Practice Unit regarding the application by it of Technical Standards (compliance review within six months).
  22. Peer Reviewer to issue Final Report to the Board incorporating the findings as discussed with the Practice Unit.
  23. Issue of Peer Review Certificate to the Practice Unit by the Peer Review Board.
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