

GUIDE TO CONDUCT QUALITY REVIEW

Issued by :

QUALITY REVIEW BOARD

THE INSTITUTE OF COMPANY SECRETARIES OF INDIA



**THE INSTITUTE OF
Company Secretaries of India**

भारतीय कम्पनी सचिव संस्थान

IN PURSUIT OF PROFESSIONAL EXCELLENCE

Statutory body under an Act of Parliament

(Under the jurisdiction of Ministry of Corporate Affairs)

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

tel 011-4534 1000 fax +91-11-2462 6727

email info@icsi.edu website www.icsi.edu

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E-mail info@icsi.edu • Website www.icsi.edu

PREFACE

Company Secretaries, as professionals shoulder responsibilities pertaining not only to strengthen the governance framework in the India Inc. but are also expected to maintain and uphold highest standards of transparency, fairness, objectivity and quality of services.

It is with this thought that power had been vested in the Central Government by the Company Secretaries Act, 1980 to establish a Quality Review Board. The functions of the Board included reviewing quality of services provided by the members of the Institute, making recommendations to the Council regarding the same; and guiding the members as regards the measures required to be undertaken to improve the quality of services and adherence to various statutory and other regulatory requirements.

Acknowledging its responsibility, the Board has taken initiatives towards maintaining and enhancement of quality of professional services rendered by the members of the Institute. In furtherance to its activities as mentioned, the Quality Review Board has brought out this publication titled 'Guide to Conduct Quality Review'.

Developed with the aim of assisting Quality Reviewers and the Practice Units during the process of Review, the Guide includes aspects like Basic Principles of Conducting Quality Review, Planning for Review, conducting Review and Reporting, related formats, FAQs, etc. The Guide will be helpful to the Quality Reviewers while conducting Quality Review and to the Practice Units as well.

I commend the dedicated efforts of CS Naveen Kumar in bringing out of this Guide under the able guidance of CS Banu Dandona, Joint Director in the Directorate of Boards, PMQ and Certificate Courses. I place on record my sincere thanks to CS Vineet K. Chaudhary, Council Member, ICSI and other members of the Quality Review Board for their valuable inputs in this publication. I would also like to convey my gratitude towards the Council of the Institute for their earnest and active support extended to the Board during the preparation of this publication.

Although due care has been taken in finalisation of the publication, there is always scope of improvement. Any suggestions for the same are welcomed.

Best wishes!

New Delhi

10th January, 2020

Kiran Oberoi Vasudev

Chairperson, Quality Review Board

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Chapter – I

INTRODUCTION

The Quality Review

- 1.1 The Quality Review is focused towards evaluation and review of quality of services rendered by members and adherence to various statutory and other regulatory requirements. It involves assessment of the work of the member while rendering professional services so as to enable QRB to assess:
- (a) compliance with statutory and regulatory requirements;
 - (b) the quality control framework adopted by the member; and
 - (c) the quality of reporting.

The Quality Review Board

- 1.2 The Quality Review Board (hereinafter "QRB"/ "the Board") has been set up by the Central Government under section 29A of the Company Secretaries Act, 1980(hereinafter "the Act"). The first Quality Review Board was constituted by the Central Government, in exercise of the powers conferred by section 29A of the Company Secretaries Act, 1980, vide Notification GSR. 490 (E) dated 13th July, 2007.

Composition of the Board

- 1.3 In terms of section 29A(1) of the Company Secretaries Act, 1980, the Board comprises of a Chairperson and four other members. Sub-section (2) of section 29A of the Act requires that the Chairperson and members of the Board shall be appointed from amongst the persons of eminence having experience in the field of law, economics, business, finance or accountancy.
- 1.4 With a view to provide a fair balance between the interests of the

external stakeholders *vis-a-vis* Company Secretaries Profession in the Board's functioning, sub-section (3) of section 29A of the Act provides that two members of the Board shall be nominated by the Central Government and other two members by the Council of the Institute of Company Secretaries of India (hereinafter "ICSI"/"the Institute").

Functions of the Board

- 1.5 Section 29B of the Act lays down the functions of the Board asunder:
 - a) Making recommendations to the Council with regard to the quality of services provided by the members of the Institute;
 - b) Reviewing the quality of services provided by the members of the Institute including secretarial services; and
 - c) Guiding members of the Institute to improve the quality of services and adherence to the various statutory and other regulatory requirements.
- 1.6 To facilitate the discharge of its functions, Rule 6 of the Company Secretaries Procedures of Meetings of Quality Review Board, and Terms and Conditions of Service and Allowances of the Chairperson and Members of the Board Rules, 2006 (hereinafter "the Rules"), provides that the Board may:
 - (a) on its own or through any specialized arrangement set up under the Institute, evaluate and review the quality of work and services provided by the members of the Institute in such manner as it may decide;
 - (b) lay down the procedure of evaluation criteria to evaluate various services being provided by the members of the Institute and to select, in such manner and form as it may decide, the individuals and firms rendering such services for review;
 - (c) call for information from the Institute, the Council or its Committees, Members, clients of members or other persons or organizations, in such form and manner as it may decide, and may also give a hearing to them;

- (d) invite experts to provide expert/technical advice or opinion or analysis on any matter or issue which the Board may feel relevant for the purpose of assessing the quality of work and services offered by the members of the Institute;
- (e) make recommendations to the Council to guide the members of the Institute to improve their professional competence and qualifications, quality of work and services offered and adherence to various statutory and other regulatory requirements and other matters related thereto.

Appointment of Quality Reviewers

- 1.7 The Quality Reviewers are being appointed by the QRB on the basis of their experience in terms of seniority and the relevant work exposure.
- 1.8 The eligibility conditions for empanelment of Quality Reviewers are as per the criteria mentioned in following para I or II
 - I. An individual desiring to be empanelled, shall:
 - (a) Be a Fellow member of ICSI; and
 - (b) Possess at least fifteen (15) years of post-membership experience as Company Secretary in Practice or employment in the Secretarial Department of a Company or as a combination of practice and employment in the Secretarial Department of a Company; and
 - c) Be currently in practice of the profession of company secretaries.
 - 'or'
 - II. An individual desiring to be empanelled shall:
 - a) Be empanelled as Peer Reviewer in terms of the Guidelines for Peer Review of Attestation and Audit Services by Company Secretary in Practice and has completed minimum 2 assignments of Peer Review.

While only a Company Secretary in Practice fulfilling the eligibility criteria can be empanelled as Quality Reviewer, the other conditions to be fulfilled includes that the member shall not have been found guilty under the Company Secretaries Act, 1980 or regulations made thereunder by Board of Discipline / Disciplinary Committee during the previous 5 years.

Further, in case the Reviewer is found guilty under the Company Secretaries Act, 1980, regulations made thereunder or becomes ineligible due to any reason in future even after his empanelment, he/she shall be removed from the panel of Reviewers by the Board, without assigning reasons.

The eligible members can apply for empanelment as Quality Reviewer by submitting duly filled in Quality Reviewers Empanelment Form to QRB secretariat at **qrb@icsi.edu**. The proforma is available at ICSI Website.

The QRB secretariat scrutinizes the applications received so and empanel the members as Quality Reviewers after approval of the QRB.

It is further noted that, for getting assignments the Quality Reviewers must have undergone training organized for the purpose by the Board from time to time.

Manner of Selecting Practice Units for Quality Review

- 1.9 The Board is empowered to decide the Practice Unit(s) to be reviewed. The selection of a Practice Unit for review is based on objective criteria as may be determined by the QRB.

Communication with Practice Unit under Review (PU)

- 1.10 On selection of a Practice Unit (PU) for review, intimation is sent regarding its selection with request to provide basic information related to the services rendered and other details. The format of intimation letter is given as Annexure to the chapter.
- 1.11 Once the basic information is received from PU, the Quality Reviewer (QR) is assigned and the basic information of the PU is shared with the Reviewer. The Reviewer should send a

communication to the PU specifying aspects such as:

- Date of commencement of the review;
- Expected date of completion of review;
- Documents required for review;
- Identification and contact details of the Reviewer;
- Composition of the review Team, if any; and
- Any other detail as may be required for the purpose of review.

1.12 It is also advisable that for a smooth conduct of the review, the Reviewer and the PU reach an understanding on the following matters:

- Details and duration of visit at the Office of PU so as to ensure minimum disruption to the PU.
- Main contact person/s in the PU for Reviewer's requirements relating to the review.
- Normal lead time required for production of documents, resolution of queries, etc.
- Logistical arrangements, as available within the PU, for conduct of review.
- Any other support/coordination required by Reviewer from PU and vice versa.
- The frequency and timing of communications related to issues or findings noted by the Reviewer.

Submission of Report

1.13 The Reviewer is required to submit a preliminary report within three weeks from the date of assignment to the Practice Unit on the review of the quality of audit and attestation services rendered by the Practice Unit.

Any observation indicating a non-compliance with the applicable technical standard(s) should be included in the preliminary report for seeking views / comments of PU thereon.

The Board may, upon request, extend the time limit for submission of preliminary review report.

The Reviewer, based upon consideration of the responses received from Practice Unit on the preliminary report, shall issue the final report to the Board on the basis of his findings on the quality of services rendered by PU.

Consideration of the Reports of the Quality Review Board

1.14 The Quality Review Reports as submitted by Reviewer are considered by the Board.

The Board on receiving final report from Reviewer may take any of the following actions:

- Consider and take on record of the report received;
- Issue instructions to the Practice Unit, wherever it is required;
- Ask for more clarifications from the Reviewer / Practice unit, as it may deem fit;
- Make recommendations to the Council with regard to the best practices to be adopted.

Annexure

**THE INSTITUTE OF
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Ref No.

Date :

The Practice Unit

Sub: Selection of Practice Unit for Quality Review

Dear Sir/Madam,

You must be aware that section 29A of the Company Secretaries Act, 1980 provides for establishment of Quality Review Board, ICSI (herein after referred as 'Board').

Section 29B provides for the functions of the Board, which include –

- (i) to make recommendations to the Council with regard to the quality of services provided by the members of the Institute;**
- (ii) review the quality of services provided by the members of the Institute including secretarial services; and**
- (iii) to guide the members of the Institute to improve the quality of services and adherence to the various statutory and other regulatory requirements.**

Your Practice Unit has been selected for being reviewed under the instructions of the Quality Review Board.

Objectives of Quality Review

Quality Review shall focus mainly on:

- Compliance with Technical, Professional and other Standards.
- Quality of checking, examination and review of records and Procedure for Secretarial Audit and other Audits, Attestation and Certification services rendered by the practice unit.

- Office systems and procedures including appropriate infrastructure, record keeping.
- Training and capacity building Programs for self and staff including trainee(s), if any provided.
- Any complaint or disciplinary / legal proceedings against the practice unit.
- Any out of the box initiative, innovation or practice followed by the practice unit.

Obligations of 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 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 requirement as 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

Quality Review Process

The Board shall appoint a Quality Reviewer to carry out the review of quality of professional services rendered by your goodself and a separate communication shall be sent in this regard.

The Quality Review Board shall pay to the Quality Reviewer a fee of Rs. 25,000/- per quality review subject to submission of satisfactory Quality Review Report. The Quality Reviewer shall bear the cost of local transport, food, communications, printing, cost of submission of report etc. (for Quality Review Assignments within or under the radius of 50 Kms. of the city of residence of Reviewer);

In case the Quality Review Assignment is beyond 50 Kms. of the city of residence of Reviewer, the Quality Reviewer shall be reimbursed over and above the fee of Rs.25,000/-, cost of to and fro travel to the station nearest to the Practice Unit subjected to Quality Review from the place of his residence, accommodation and other expenses in accordance with the travel policy approved by the Board.

Kindly submit the duly filled in PU Questionnaire by (due date for submission of Questionnaire). For downloading PU Questionnaire please **click here**.

In case of any query, please feel free to write us at **qrb@icsi.edu**.

Thanking you,

With Kind Regards,

QRB Secretariat, ICSI

Chapter – II

BASIC PRINCIPLES OF CONDUCTING QUALITY REVIEW

- 2.1 The objective of the Quality Reviewer (Reviewer) in the conduct of a quality review has to be within the overall scope of the functioning of the Quality Review Board. Accordingly, the objective of a Quality Review is to enable the Reviewer to report on:
 - (a) The quality of audit and attestation services; and
 - (b) The quality control framework adopted by the Practice Unit.
- 2.2 Quality review of the audit and attestation services of the Practice Unit involves interviewing, making enquiries and performing such other procedures to examine, whether the PU has complied with the applicable technical standards relating to the services rendered and considered relevant laws and regulations. It also includes review of the system of quality control which the PU has implemented as required by such technical standards.
- 2.3 The Quality Reviewer's examination and review is limited to the procedures and implementation thereof, adopted by the PU.
- 2.4 The Quality Reviewer is also required to conclude that nothing has come to his attention that causes him to believe that the PU has not complied with the aspects covered.

Independence Requirements

- 2.5 There should be no conflict of interest between the Reviewer and the members of the review team vis a vis the Practice Unit. Accordingly, a person is eligible to be appointed as a Quality Reviewer only if the Reviewer does not have any association with

the PU under review, during the last three financial years and /or thereafter.

Quality Reviewer and his team, if any, is required to submit a declaration in the prescribed format that he/she fulfils the aforesaid eligibility conditions.

Confidentiality Requirements

- 2.6 While conducting review, the Reviewer and the members of the Review team would get access to the PU's working papers relating to the audit and attestation engagements under review. The Reviewer and his team is require to maintain confidentiality of the papers/documents coming under their notice during review.
- 2.7 The Reviewer and members of the review team need to be sensitive to the implications of their being privy to such sensitive documents. They should ensure that they do not share with any third party, including their social acquaintances, any information procured by them in the course of their review as also the results of the review. The QRB also recognises the paramount importance of maintaining confidentiality of such information by the Reviewer and the members of review team. Accordingly, as part of the acceptance of the engagement as a Quality Reviewer, and all the members of the review team are required to submit a confidentiality declaration in the format prescribed by the Board. The format of this declaration is given as **Annexure** to the chapter.

Approach of the Reviewer

- 2.8 The approach of the Reviewer should be courteous, professional and helpful throughout the review process. He should be appreciative of good practices while suggesting areas of improvement. He should adopt a collaborative approach with the PU during the review process and should ensure minimum disruption to the PU during the review. He should be able to provide practical and insightful comments in a discussion mode during the review process. He should try and give value addition to PU and not merely adopt a tick box approach.

Knowledge of Relevant Legal and Regulatory Requirements

- 2.9 The Reviewer and the other members of the Review team should have adequate knowledge of the Legal and regulatory requirements applicable to the Practice Unit, such as the Company Secretaries Act, 1980 and Regulations thereunder, the ICSI Code of Conduct, and other Technical Standards as applicable to the Practice Unit.

The Reviewer and his team should be in regular touch with regard to reading the publications / guidance issued by the Institute from time to time.

Annexure**Statement of Confidentiality**

[To be filled in by the persons who are responsible for the conduct of quality review. The Reviewer shall be responsible for taking this undertaking from all those persons who assist him or are likely to assist him in conducting quality review, and shall send the same to the Board.]

To

The Chairperson, Quality Review Board,
The Institute of Company Secretaries of India

Sir / Madam,

I hereby declare that my attention has been drawn to the need for confidentiality in the conduct of quality review. 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, when so ever, 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 professional 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 quality review 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 further wish to state that neither I nor member(s) of the review team, if any, are associated with the Practice Unit being reviewed in any manner, during last three financial years and /or thereafter.

I understand that any breach of the provisions regarding confidential information will be considered as gross negligence and, subject to investigation, will result in appropriate action.

	For Office use:
Signature :	Taken on record on (date)
Name :	By
Date:	Signature:
Place:	Name:

Chapter – III

QUALITY CONTROL IN QUALITY REVIEW

The chapter has been divided into two parts. Part – A relates to Expectations from Practice Unit and Part – B explains the major responsibility of the Quality Reviewers while conducting the review exercise.

Part – A : Expectations from Practice Unit

The Regulators are reposing more faith on services of the professionals like ours. It is the responsibility of we professionals to maintain the recognition secured from the Regulators. For maintaining and enhancement of the standards of the quality of services rendered, a Practice Unit is expected to have a system of quality control in place.

- 3.1 The PU's system of quality control shall include the following Quality Control Elements:
- (i) Leadership responsibilities
 - (ii) Ethical requirements
 - (iii) Human Resources: Requirements, Training & Development
 - (iv) Performance Evaluation
 - (v) Monitoring

The above mentioned control systems can be elaborated further as follows:

- (i) Leadership Responsibilities
 - The firm should assign responsibility for each assignment to one of its partners or the team leader who shall be responsible for overall quality of such assignment.
 - The proprietor / partner(s) of the PU shall be responsible for quality maintenance and quality improvement of which recommended features are:

- ❑ Communication of the quality control policies and procedures to all team members / relevant personnel. The methods for communication, scope and frequency thereof should be established.
 - ❑ Establishing a process that encourages personnel to communicate their views or concerns on quality control matters.
 - ❑ Clearly establishing responsibilities of the proprietor / partner(s) of the PU and other senior personnel for quality control.
 - ❑ Documenting quality control policies and procedures of the firm and its circulation to all relevant personnel.
- (ii) Ethical requirements
- The proprietor, partner(s) or the team leader responsible for an assignment should ensure that the relevant personnel have complied with relevant ethical requirements.
 - Ethical requirements include:
 - ❑ Independence : The PU shall not try to acquire the assignments on the basis of personal relations with clients. Independence is required for fair dealing with the clients; otherwise the quality of services may be threatened.
 - ❑ Familiarity Threat : A familiarity threat arises when, by virtue of a close or long-term relationship with a client, its directors, officers or employees, the PU or person on an engagement team may become too casual and sympathetic to the client's interests, compromising the quality of service and independence of the PU.
 - ❑ Integrity : While carrying out the assignments, firm should ascertain the integrity aspects of the client. It is associated with soundness or moral principles

and character in dealings with others.

- Objectivity : The test of objectivity shall be whether the professional assignments were carried out in an impartial and fair manner without fear, favour or prejudice. The PU should base his assessment and opinion purely on facts, evidences, sound analysis and judgement.
- Professional competence and due care : The PU shall have enough Professional competence to deal with the assignments. The PU shall ensure possession of appropriate qualifications, experience, ability of the personnel to whom responsibilities of an assignment is given.
- Confidentiality : Confidentiality is the spirit of any profession and as a Company Secretary; complete confidentiality of information obtained during assignment is the basic requirement.

The PU's personnel shall observe at all times the confidentiality of information obtained during assignments, unless specific client authority has been given to disclose information, or there is a legal or professional duty to do so.

- Professional conduct: Company Secretaries are looked upon as trustworthy guardians, caring for interest of all stakeholders, guides to corporate world in secretarial leadership. The professional conduct of the PU must also be illustrative.

The members of the Institute of Company Secretaries of India are bound by the code of conduct for Company Secretaries. The code stipulates and binds Company Secretaries to the highest level of care, duty and responsibility to their employers and clients, the public and their fellow professionals.

- Technical standards: The PU should be fully

conversant with various pronouncements by the regulatory bodies and should keep updated with the technical standards which may be prescribed from time to time and applicable to the PU.

(iii) Human Resources: Requirements, Training & Development

In case of a professional firm, human resource is the prime asset responsible for success or failure of the firm. The constitution of the team and members which make the team is the major determinant in rendering the quality of professional services and hence, the recruitment of right person to the right place is the pre-requisite to deliver quality services to the clients.

(iv) Performance Evaluation

- Performance Evaluation is necessary for developing and maintaining competence and commitment to deliver quality services.
- The PU shall make personnel aware of its expectations regarding performance
- The PU shall have an established mechanism for evaluation of performance of its personnel.

(v) Monitoring

- Monitoring refers to a process which is an ongoing exercise for evaluation of PU's quality control systems which also includes periodic inspection of completed assignments on sample basis to provide the PU with reasonable assurance that its quality control systems are operating effectively.
- A PU shall monitor its personnel, performance procedures, system for reporting and soon as an ongoing exercise.

Part – B : Responsibility of the Quality Reviewer (QR)

3.2 A quality review is an engagement that needs to be carried out in a manner that ensures that the work performed by the

Quality Reviewer and the review team meet the professional standards established by ICSI. Any shortcomings in the quality of the Review process would defeat the very purpose of the process of the quality review established by the Quality Review Board. It is, therefore, of utmost importance that ensuring quality in an assignment given by the Board, remains priority for a Quality Reviewer. The quality of a Review is directly affected by factors such as:

- Knowledge and experience of the Quality Reviewer and his team
- Time devotion
- Composition of the Review team
- Understanding of the objective and scope of work
- Monitoring, direction and supervision of the Review team

In fact, maintaining the quality in a Review as also the final report of the Review, is and remains the responsibility of the Quality Reviewer.

Deciding on the Composition of the Review Team

3.3 The selection and appointment process of the QRB is designed to ensure that the Quality Reviewer has sufficient and appropriate knowledge and experience to carry out the review of the PU. In so far as the Quality Reviewer team is concerned, the QRB has set a restriction of a maximum of three assistants that can accompany the Reviewer on a Review engagement for an on- site visit to the PU. The QRB has also laid out eligibility and other conditions for the assistant(s). The eligibility conditions require that assistant(s):

- (i) should be a member of the Institute of Company Secretaries of India;
- (ii) should not have attracted any disqualifications under the Company Secretaries Act, 1980 or regulations made thereunder;
- (iii) should have no direct interface with the Practice Unit being reviewed;

- (iv) should have been working with the Quality Reviewer for at least one year as associate or is a partner in the Quality Reviewer's firm for at least one year;
- (v) should not have any disciplinary proceeding under the Company Secretaries Act, 1980 or regulations made thereunder pending against him/her during previous five years and/or thereafter;
- (vi) should not be a member of ICSI's Central Council/Regional Council/Chapter Management Committee; and
- (vii) should not himself/herself be empanelled as Quality Reviewer with the Quality Review Board.

The Quality Reviewer should, therefore, exercise due diligence in selecting the assistant(s) that would comprise the Review team to ensure that they meet the aforesaid criteria. Under no circumstances, therefore, the Quality Reviewer should include any person, including an articled assistant/ semi-qualified personnel, who does not meet the aforesaid eligibility, in the Review team and/or send such person for on-site visit/s. In addition to the above, as mentioned earlier, QRB requires the assistants also to submit a confidentiality declaration. The Quality Reviewer should, therefore, ensure that the member of the Review team submit the confidentiality declaration.

- 3.4 It should also be noted that a quality review is to be performed as an "on-site" engagement. However, sometimes the Quality Reviewer might need to receive or respond to some minor queries relating to the quality review which may be done offsite.
- 3.5 The Quality Reviewer needs to ensure that the composition of the Review team, while it meets the basic eligibility and other conditions laid down by the QRB, is appropriate so as to enable proper conduct of the quality review. Thus, in addition to the criteria set by the QRB, the following factors may also be considered by the Quality Reviewer in making the selection of assistant:
 - Post qualification experience.

- Knowledge of relevant professional pronouncements.
 - Any other subject area expertise, e.g., IT, financial instruments.
 - Availability of time vis a vis other professional work commitments.
 - Results of any internal/external quality review that the Quality Reviewer's firm might have undergone with reference to the engagement/s handled by the assistant.
 - Communication and inter personal skills.
- 3.6 The Quality Reviewer would have to use his/her professional judgment to decide the Review team so that there is a balance between seniority and expertise of the team members to ensure coordination and cohesion in the Review team.
- 3.7 It is the responsibility of Quality Reviewer to inform QRB about the constitution of review team and submission of statement of confidentiality from each of the member of the review team.

Directing, Supervising and Monitoring the Review Team

- 3.8 The QRB prohibits the assistant(s) to have any direct interface with the Practice Unit or the QRB itself. It is, therefore, very important that the reporting and communication channels and hierarchy is clearly defined among the team members. Also, the Quality Reviewer needs to provide timely direction, supervision and monitoring of the Review team.
- 3.9 Directing the Review team would involve informing the team members of aspects including:
- QRB, its constitution, its functions, etc;
 - Need to be compliant throughout the review with the eligibility and other conditions laid down by the QRB;
 - Objective of the review to be performed;
 - Responsibilities of the respective team members;
 - Brief about the Practice Unit and the specific audit

engagement selected for review;

- Probable areas of concern;
- Detailed approach to the performance of the review.

3.10 Supervision of the Review team includes consideration of matters such as:

- Tracking the progress of the review engagement.
- Whether the individual team members are performing the work according to their capabilities and competence.
- Whether the individual team members are devoting sufficient time to the review engagement.
- Whether the team members have understood the instructions given by Quality Reviewer properly.
- Whether the review work is being carried out as planned.
- Significant matters arising during the review engagement and whether the planned approach to the review is required to be modified to address such matter/s.

3.11 Monitoring includes consideration of matters such as:

- Whether the review procedures are relevant to the review engagement.
- Whether the review procedures are adequate in the circumstances.
- Whether the review procedures are implemented effectively.

Consideration of aforesaid matters helps the Quality Reviewer in assessing whether there are any deficiency(s) in review procedures. Monitoring helps in assessing whether the review procedures are achieving the desired objectives of the review or not. Any deficiencies in the review procedures can lead to problems/issues such as cost and time overruns, under utilization of review team member' capabilities and competencies, unnecessary demands on the time and personnel of the Practice Unit.

Documentation

3.12 The documentation by the Quality Reviewer should include:

- Issues identified during the review engagement with respect to compliance with the eligibility and other conditions imposed by the QRB and how these were resolved.
- Significant issues identified during the supervision and direction of the review engagement and how these were resolved.
- Significant deficiencies noted in the review procedures and the resultant modifications made thereto.
- Discrepancy(s) noted during review and recommendations of Quality Reviewer thereon to improve the quality.

Chapter – IV

PLANNING THE QUALITY REVIEW

Need for Planning

- 4.1 A well planned review engagement ensures that a review is performed in an effective manner. It involves establishing the overall strategy for the review and developing the review plan. A well planned review helps the reviewer to, interalia:
 - Devote appropriate attention to important areas of review;
 - Identify and resolve problems on timely basis;
 - Facilitate direction and supervision of the team members and their work.
- 4.2 The nature and extent of the planning required for a review will vary according to the size of the PU, nature and complexity of the quality control system in PU and the engagements under review, the experience and competence of the review team and any changes that may occur subsequently in the circumstances of the review.
- 4.3 Planning is a continuous exercise. It starts when the Reviewer submits his/her acceptance to the QRB and continues till the submission of the final report to QRB by the Reviewer. It involves a careful identification of the activities to be undertaken during the review process, their sequencing, team members' allocation to the activities and the time budget for each of the activities.
- 4.4 Involving the members of the review team in planning discussions will help the Reviewer in developing an appropriate plan for effective execution of the review engagement. The review plan would normally cover, interalia:
 - The nature, timing and extent of planned review activities

for understanding the quality control system at the PU and the engagements under review.

- The nature, timing and extent of procedures to be performed to evaluate the design and implementation of the quality control system at the PU.
- The nature, timing and extent of procedures to be performed to evaluate whether the professional engagements have been carried out in accordance with the requirements of the applicable technical standards.

4.5 The initial planning activities relating to the review would include:

- Performing procedures regarding the acceptance of the review assignment;
- Evaluating compliance with independence requirements;
- Establishing an understanding of the terms of the assignment.

4.6 The Reviewer should establish an overall review strategy that would set the scope, timing and direction of the Quality Reviewer, and guide the development of plan to conduct the quality review. In establishing the overall review strategy, the Reviewer needs to consider the following:

- Characteristics of the review assignment that would determine the scope of the review, viz., evaluation of design and implementation of systems and evaluation of compliances;
- Reporting objectives of the review, to plan the timing of the review and the nature of the communication required with the PU;
- Factors that, in the Reviewer's judgment, are significant in directing the review team's efforts; and
- Ascertain the nature, timing and extent of resources necessary to perform the review assignment.

4.7 Since quality review is essentially an "on-site" engagement, it is important that the on-site visit to the PU is also properly planned.

This planning would include:

- Preparing the checklists of the activities during review process.
- Preparing a list of documents that would be required from PU for quality review.
- Coordinating with the PU as to the timing of the visit and the authorised coordinating person/s at PU so as to ensure minimum disruption to the PU.

Chapter – V

CONDUCTING THE QUALITY REVIEW

- 5.1 The Quality Reviewer is responsible to design such procedures as may be appropriate to obtain evidence to support the conclusion in the quality review report to be issued pursuant to the quality review. As per the illustrative reporting format issued by the Board, the Reviewer is required to examine the procedures and implementation thereof in the Practice Unit being reviewed, for ensuring:
- (a) Compliance with the applicable technical standards, other applicable professional standards and relevant laws and regulations; and
 - (b) Implementation of a system of controls with reference to the applicable standards.
- 5.2 Based on the procedures performed during the review, the Reviewer also concludes to the effect that nothing has come to the notice of the Reviewer's attention that causes the Reviewer to believe that the PU has not complied with the applicable technical standard, other laws and regulations.
- 5.3 A quality review of the services rendered by the PU in terms of the 'Terms of Reference for Quality Reviewers' issued by the QRB and as amended from time to time ("the Procedures") involves interviewing, making enquiries and performing such other procedures to examine whether the PU has complied with the applicable technical standards relating to the services rendered, the professional and other standards as issued by the Institute of Company Secretaries of India (ICSI) and considered relevant laws and regulations. It also includes review of the system of quality control which the PU has implemented. The policies and procedures of the PU under review can be examined with

reference to the specific engagement.

- 5.4 In order to effectively discharge the responsibilities, the Quality Reviewers should have the knowledge of *inter alia*, Code of Conduct for Company Secretaries issued by the Institute of Company Secretaries of India, the applicable laws and regulations and reporting thereunder. The Quality Reviewers should also have knowledge about the independence and ethical requirements.
- 5.5 This Chapter provides guidance to the Reviewer in achieving the objectives of the quality review.

Obtaining an Understanding of the Engagement

- 5.6 In order to achieve the objectives of the review, the Quality Reviewer, should, prior to commencement of on-site review:
 - (a) go through the questionnaire as submitted by Practice Unit in respect of which review has been initiated for the period under review and ask for further information, which could enhance understanding of the systems and procedures followed by PU; and
 - (b) obtain the relevant knowledge in which the Practice Unit has rendered services, including the applicable laws and regulations, during the period to which the audit and attestation engagement relates.

PU's Responses to the Quality Review Questionnaire

- 5.7 QRB has developed Quality Review Questionnaire (placed as **Annexure** to the chapter) for use by Quality Reviewer. The Questionnaire work as an aid for the Quality Reviewer and contain questions relevant for determining compliance with the requirements of the applicable technical standards and the system and procedures followed by PU.
- 5.8 PUs are also required to submit their responses to each of the questions given in the Quality Review Questionnaire. Prior to commencement of on-site review, Quality Reviewer must obtain the responses from PU for each of the question.
- 5.9 A PU, while responding to the questions, should give references to

their documented policies which demonstrate compliance with the applicable technical standards. The Reviewer should verify whether the policies and procedures have been documented or implemented. Unless these are documented or implemented, the Reviewer may not be in a position to complete the review. Such policies are normally documented in the policy manuals used by the PU's personnel. Sometimes, the PU also communicates policies and procedures through email communications or office circulars to its personnel. The Quality Reviewer should review such communications and office circulars to establish that the Firm has documented policies and procedures.

Obtaining an Understanding of the Practice Unit

- 5.10 Prior to the commencement of the review, it is important for the Reviewer to obtain an understanding of the PU. This involves obtaining an understanding of the aspects including:
- (a) Size of the practice;
 - (b) Legal form (CP holder/sole proprietorship/partnership/LLP);
 - (c) Service verticals within the PU;
 - (d) Geographical spread of PU;
 - (e) Governance structure in the PU, with respective roles and responsibilities of the partners and other staff;
 - (f) Policies and procedures designed and implemented by PU to ensure compliance;
 - (g) The methodology being used by the PU.
- 5.11 While Reviewer can obtain the understanding of the PU either on site or prior to commencement of the review, it is recommended that the relevant inquiries in this regard are made prior to the commencement of the on site review.
- 5.12 Upon reaching site, the Quality Reviewer should obtain and read the policy manual (or equivalent document(s) which contains the quality control policies implemented) of the PU. The review team should verify that the references to the policies as contained in the responses provided by the PU are appropriate. Quality Reviewer

and the team should not insist on retaining a copy of these manual(s) for their records since the intellectual property right, if any, for such manuals, methodologies and procedures rest with the PU. The Quality Reviewer and the team should make notes in their working papers to the extent it is necessary to refer back to the manuals, methodologies and procedures performed by the PU. The Reviewer's documentation should be sufficient to trail back to the PU's documents and to the specific working papers in the engagement file. The Reviewer's documentation of the quality review should be sufficient to enable understanding of:

- (a) the nature, timing, and extent of the quality review procedures performed to meet the objective of the review as set out by the QRB;
- (b) the results of the review procedures performed, and the evidence obtained; and
- (c) significant matters arising during the review, the conclusions reached thereon, and significant professional judgments made in reaching those conclusions.

5.13 While preparing the quality review documentation, the Reviewer, therefore, may have regard to the aspects such as:

- a) reference to the source of the general and internal control;
- b) if procedures were implemented, then a walk through, if any, performed to determine implementation;
- c) in respect of the concerned assignment, a reference to the relevant working papers;
- d) matters examined; and
- e) conclusions reached (duly supported with the basis of conclusion).

Evaluating the Findings of Quality Review

5.14 The Reviewer is responsible to evaluate whether the evidence obtained during the review is sufficient to support the report to be issued pursuant to the review engagement.

- 5.15 The review may indicate (a) deficiencies in the policies and procedures instituted by the PU; or (b) the procedures performed by the PU were not designed or performed appropriately to provide it with sufficient appropriate evidence that the PU has complied with the applicable technical standards; or (c) deficiencies in the procedures performed by PU to ensure that the services rendered by the PU were appropriate in the circumstances.
- 5.16 Therefore, it is important that the Reviewer collates each of the findings and carries out evaluation thereof.
- 5.17 As and when the Reviewer has collated the findings which are required to be evaluated, they should communicate those findings to the PU and allow reasonable time to respond to the queries. It is essential for the review team to consider the information and explanations made available by the PU in response to the findings.
- 5.18 The review team's procedures for assessing whether the policies have been appropriately designed would, ordinarily, include consideration of factors including:
- (a) Appropriateness of the purpose of the policy.
 - (b) Competence and authority of the person/s performing the relevant procedure/s put in place by the management.
 - (c) Dependency on other policies/procedures or information.
- 5.19 The review team would need to evaluate the severity of deficiency in the policy that comes to its attention to determine whether the deficiencies, individually or in combination, would give rise to a breach that would not be prevented or detected on a timely basis. A deficiency in the context of the policy of the PU exists when the design of the policy or operation of the related procedure does not allow the concerned partner or staff, in the normal course of performing their functions, to prevent or detect a non-compliance with the policy on a timely basis.
- 5.20 The review team would also need to assess the significance of the deficiency so identified. The significance of a deficiency would depend upon:
- (a) Whether the policy/procedure would fail to prevent or

- detect a non-compliance with a Control requirement; and
- (b) The magnitude/consequences of the potential non-compliance resulting from such deficiency.
- 5.21 Further, the severity of a deficiency does not depend on whether non-compliance has actually occurred, rather on whether there is a reasonable possibility that the general and internal control will fail to prevent or detect non-compliance. Thus, based on the above assessment, the review team can classify a deficiency as being “material” or “non-material”.
- 5.22 The presence of one or more of the following events would indicate possibility of existence of a material deficiency in policies/procedures:
- (a) Identification of non-compliances, whether or not material, on the part of the senior management of PU;
 - (b) Non-compliances with the established policies/procedures in previous periods;
 - (c) Identification by the review team of a material non-compliance in the current period in the circumstances that indicate the non-compliance would not have been detected by the PU's systems of control; and
 - (d) Ineffective oversight by the senior management of the PU's external reporting on compliances with all or some elements of the systems of control.

It may be noted that the above is only an inclusive list of such events.

- 5.23 The review team's determination of whether a deviation exists would involve understanding the objective for which the concerned policy was established and what constitutes a deviation. Generally, any failure to adhere to the established policy/procedure, including failure to comply with a regulatory requirement would constitute a deviation. The following are the instances where the failure of a policy/procedure may not be a deviation:

- (a) When the policy operates effectively in mitigating the risk of non-compliances, even though the related procedure does not operate as prescribed.
- (b) When the departure from a policy or procedure is authorised by an appropriate authority in PU based on particular circumstances.
- (c) A document selected for testing that has been validly cancelled prior to operation of the policy/procedure.

5.24 In determination of the nature and cause of a deviation, the review team may evaluate the following aspects:

- (a) Is the nature of the deviation limited to certain types of policies/procedures?
- (b) Has a change in the roles and responsibilities of the person performing the procedure or monitoring the policy contributed to the deviation?
- (c) Has a lack in the competency of the person performing the procedure resulted in a deviation?
- (d) Have the changes in volume of activities/events relating to the concerned policy/procedure contributed to the deviation?

5.25 No system of control (a policy/related procedure) can provide a fool-proof/absolute assurance that no deviations would occur. Deviations from an established policy/procedure may occur due to factors discussed in the preceding paragraph. Thus, existence of deviation/s by itself/ themselves does/do not always imply that the established policy or a procedure is not effective and vice versa. The following factors may be evaluated by the review team to conclude whether the level of deviations is acceptable or not:

- (a) *Risk associated with the control* – the higher the risk of non-compliance, the more reliable the policy/procedure needs to be.
- (b) *Extent of reliance on the control* – if the risk of non-compliance is addressed only by one policy/procedure,

the latter needs to be more reliable, especially, when the risk being addressed is a significant risk.

- (c) *Nature of control* – the relative importance of the deviations to the overall operation of the general and internal control and procedures.

5.26 Based on the above, the Quality Reviewer / review team would evaluate the deviations to conclude whether the PU has been able to demonstrate compliance with the requirements of the established policy(ies) / procedure(s). In case, the PU is able to demonstrate sufficient compliance with the applicable requirements, the matter should not be classified as a deficiency. In such a case, the Reviewer, while documenting the finding should document the recommendations for documentation or process improvements to be made by the PU. In case the PU is not able to demonstrate compliance with the applicable requirements, the Reviewer should classify the finding as a deficiency. A deficiency would be a situation where the PU has not laid down policy or procedures which are required to comply. For example, establishment of policies and procedures designed to provide it with reasonable assurance that it has sufficient personnel with the capabilities, competence, and commitment to ethical principles necessary to perform its engagements in accordance with the professional standards and regulatory and legal requirements. If the PU does not have policies and procedures in place to ensure compliance with the requirement, it would lead to a deficiency.

Obtaining required Information from other sources

5.27 The Quality Reviewers in the process of Review may approach the ROC, SEBI, RBI and Stock Exchanges to obtain information regarding the show cause notices etc. issued by them to the Practice Units.

Findings Related to the Engagement Performance

5.28 The Reviewer and the team may note a non-compliance with one or more technical standard or disclosure requirements as may be applicable to the PU. Whenever such a finding is noted,

the review team is required to evaluate the finding in the light of the responses given by the PU.

- 5.29 The responses given by the PU are important to determine the extent of non-compliance. The Reviewer must consider the responses provided by the PU.

These responses may help the Reviewer in understanding the perspective and the circumstances in which the services were rendered. As mentioned earlier, the Reviewer should evaluate the findings of quality review and the responses given by the PU based on the facts and circumstances that existed at the time of rendering professional services. It is not expected that the Reviewer would use hindsight to challenge the procedures that were performed by the PU.

- 5.30 The Reviewer might also be required to evaluate the professional judgments made by the PU while rendering professional services. The objective of this evaluation should be to conclude whether the professional judgments made by PU are appropriate in the circumstances. Sound professional judgments demonstrate the following characteristics:

- (a) professional judgments are documented;
- (b) professional judgments are based on complete and accurate facts and information that was available to the PU on or before the signing / certifying any document; and
- (c) professional judgments are based on reasonable interpretation of the technical standards or the applicable laws and regulations.

- 5.31 Professional judgments made by the employee(s) of PU that do not demonstrate the above characteristics might indicate a situation where the professional judgment made by the employee(s) of PU might not be appropriate.

- 5.32 While evaluating the responses given by the PU including the cases where the employee(s) of PU exercised professional judgment, the Reviewer should eliminate personal preferences. Such situation arises when the Reviewer believes that if the Reviewer was in a similar situation what he would have done.

Documenting a Finding

- 5.33 The Reviewer should give attention to the manner in which a finding is documented. The Reviewer should ensure that each of the documented finding has the following characteristics:
- (a) All relevant facts and background information necessary to understand the finding or the issue being raised by the Quality Reviewer are present;
 - (b) Requirements of the technical standards or other relevant laws/regulations that have not been complied with;
 - (c) Factors mitigating the effect of the finding, if any;
 - (d) Explanations/responses provided by the PU; and
 - (e) Conclusions reached by the Quality Reviewer.
- 5.34 It has been observed that sometimes there is an inconsistency between the findings reported by the Quality Reviewer and the responses given by the PU on the engagement documentation available with the PU. In order to avoid any such situation, the Reviewer and the PU should discuss all the issues, make note of all the documentation and working papers available with the PU and also minute the discussion which may be signed by both the Reviewer and the PU.

Annexure

QUALITY REVIEW BOARD

*QUESTIONNAIRE FOR SEEKING INFORMATION FROM
THE PRACTICE UNIT BY THE BOARD*

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

1. Name of the Practice Unit (PU)
2. Status: Individual 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
 - b) Residential
5. Telephone Number with STD code
6. Mobile Number(s)
7. Email ID
8. Website Address
9. ACS / FCS Number
10. C.P Number
11. Number of partners including self
12. Number of Annual Returns Certified in last 3 financial years ended on March 31,

2017-18	2018-19	2019-20

13. No of Certificates Issued under LODR in last 3 financial years ended on March 31:

2017-18	2018-19	2019-20

14. Number of Companies in which you are a director
15. No. of filling/attestation/certification with ROC/statutory body covered under the Companies Act, 2013 or under Securities Laws in last 3 financial years ended on March 31

2017-18	2018-19	2019-20

16. No. of Secretarial audit in last 3 financial years ended on March 31:

2017-18	2018-19	2019-20

17. Period under Review (dd/mm/yyyy) _____ to (dd/mm/yyyy) _____

(Please note: The period under review shall be previous two financial years)

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

Name(s)	Membership Number	Years of Practice/ Association with the firm (in years)	Experience (in years)

19. Particulars of Company Secretaries employed:

Name(s)	Membership Number	Association with the firm (in years)	Experience (in years)

20. Furnish details of change in constitution (partners / company secretaries employed), if any, during the year(s) under review:

Name(s)	Membership Number	Date of joining the firm	Date of leaving the firm

21. Number of other staff employed

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

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

Yes No

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

Sr. No.	Member In charge	M. No.	Location	Address	Turnover (Rs. In Lacs)

24. Major Areas of Practice:

Company Law – Attestation Services	
Company Law – Non-attestation Services	
SEBI – Attestation Services	
SEBI – Non-attestation Services	
GST	

Customs	
FEMA	
Appearances before Judicial and Quasi-Judicial Bodies	
Corporate Restructuring	
Insolvency Bankruptcy Code	
Income Tax	
IPR	
Reconciliation of Share Capital Audit	
Others	

Part – B – General Control

Maintenance of Professional Skills and Standards

1. 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.
2. Does the PU mandate that all Company Secretaries employed by it comply with the Guidelines for Compulsory Attendance of Professional Development Programmes by the Members issued by the ICSI?
3. Is there an in-house mechanism for continuing professional education?
4. Does the PU monitor the continuing professional education by way of maintaining records thereof?
5. Does the PU sponsor the Company Secretaries appointed by it for various Professional Development Programmes organized by ICSI and other professional bodies?
6. Does the PU maintain a repository / library/e-library containing case studies, Journals, magazines, books of interest, etc. for reference?

Outside Consultation

7. Does the PU have any mechanism in place for outside consultation?
8. Are there any induction procedures established for new employees like:
 - Orientation to the firm and the profession?
 - Discussion of office procedures including:
 - Distribution of reference material
 - Requirements of ICSI
 - Continuing Professional Education
 - Independence
9. Is there a system for scheduling and staffing for carrying out an engagement?
10. Work Assignment Whether the work is assigned to the assistant CS, on the basis of their skill and competence before assigning of attestation engagement?
11. Whether the progress of the attestation services is monitored and reviewed regularly?

Part – C – Performance of Attestation Engagements**Service Record Administration**

12. Does the PU ensure receipt of engagement letters before commencing the assignment?
13. Does the PU have appropriate procedures for the new engagements?
14. Are there any procedures established to ensure proper documentation with regard to attestation services?
15. Does the PU maintain records in a manner so that the records are easily retrievable, as and when required?

Substantive Tests and Due Diligence

16. Whether Know Your Client (KYC) has been done for the clients voluntarily by the PU?
17. Does the firm obtain representation from the management on matters material to the information?
18. (a) Does the PU obtain sufficient and appropriate documents/information (b) are the same properly recorded.
19. Whether the PU as a policy consult the outgoing professional who was doing the the assignment prior to the PU taking up the same?

Attestation Service Conclusion and Reporting

20. Does the PU document the findings and reasons thereof while carrying out attestation services?
21. In case of a qualified report, does the PU provide reasons or disclaimers for such qualifications?
22. Does PU reports or fraud discovered during the course of review, to the appropriate authority.

Signature:

Name :

Date :

Chapter – VI

REPORTING

- 6.1 The Reviewer, after completion of the review, is required to submit a **preliminary report** to the PU, on the review of the quality of professional services rendered by the PU, within three weeks from the date of assignment. This preliminary report is to be submitted before submitting the final report to the QRB. It is suggested that any observation indicating a non-compliance with the technical standard(s), as applicable, should also be included in the preliminary report for seeking final views/comments of PU thereon. The Reviewer, based upon his consideration of the responses received from the PU, shall submit a **final report** to the QRB within a period of three months from the date of assignment by the Quality Review Board.
- 6.2 The Quality Reviewers at the time of acceptance of the assignment are required to give an undertaking that they will conduct the review and submit report(s) within the stipulated timeframe.
- 6.3 The Reviewer should adhere to all the prescribed requirements mentioned while preparing the report. It may be noted that the requirements mentioned apply to the preliminary as well as the final reports of the Reviewer. The Reviewer, based on the conclusions drawn from the review, would issue a preliminary report and, subsequently, the final report. A clean final report indicates that the Reviewer is of the view that the affairs are being conducted in a manner that ensures the quality of services rendered. However, a Reviewer may qualify the report due to one or more of the following in respect of the particular engagement:-
 - non-compliance with Technical and Professional Standards;
 - non-compliance with relevant laws and regulations;
 - quality control system design deficiency;

- non-compliance with policies and procedures; or
- non-existence of adequate training and capacity building programmes for self and staff.

Guidelines issued by QRB for Qualifying Quality Review Report

- 6.4 To assist the Reviewer in deciding whether to issue a qualified review report, the QRB has issued certain guidelines. In deciding on the type of report to be issued, QRB requires the Reviewer to consider the evidence obtained and document the overall conclusions with respect to the year(s) being reviewed in respect of following matters with regard to the particular engagement:
- (a) whether the policies and procedures that constitute the PU's system of general and internal controls for its attestation and audit services have been designed to ensure quality that provides the PU with reasonable assurance of complying with technical standards.
 - (b) whether personnel of the PU complied with such policies and procedures in order to provide PU with reasonable assurance of complying with technical standards.
 - (c) whether independence of PU is maintained in accepting professional assignments.
 - (d) whether the PU has instituted adequate mechanism for training of staff.
 - (e) whether the PU ensures the availability of expertise and/or experienced individuals.
 - (f) whether the skill and competence of assistants are considered before assignment of engagements.
 - (g) whether the progress of professional services are monitored and work performed by each assistant is reviewed by the service in-charge and necessary guidance is provided to assistants.
 - (h) whether the PU has established procedure to record the audit plan, the nature, timing and extent of procedures performed and the conclusions drawn from the evidence obtained.

- (i) whether the PU maintains documentation as per the technical standards laid down by ICSI.
 - (j) whether the PU verifies compliance with laws and regulations to the extent it has material effect.
- 6.5 The Reviewers are advised not to mention client details or the details of the Companies to whom the services have been rendered by the PU and the same shall not be part of the report submitted to QRB.
- 6.6 The QRB has outlined the following basic elements that should be part of quality review report:
- (a) Elements relating to quality of services:-
 - i. A reference to the description of the scope of the review and the period of review of PU conducted alongwith existence of limitation(s), if any, on the review conducted with reference to the scope as envisaged.
 - ii. A statement indicating the instances of lack of compliance with technical standards and other standards.
 - iii. A statement indicating the instances of lack of compliance with relevant laws and regulations.
 - (b) Elements relating to Control framework adopted by the Practice Unit:-
 - i. An indication of whether the PU has implemented a system of general and internal control.
 - ii. A statement indicating that the system of general and internal control is the responsibility of the PU.
 - iii. A view on whether the PU's system of controls have been designed to meet the requirements of the standards / guidelines for attestation and audit services and whether it was complied with during the period reviewed to provide the Quality Reviewer with basis of reporting of complying with technical standards in all material respects.

- iv. Where the reviewer concludes that a modification in the report is necessary, a description of the reasons for modification. The report of the reviewer should also contain the suggestions.
 - v. A reference to the preliminary report, etc.
- 6.7 The Quality Review Report has to be issued on the Reviewer's (individual) letterhead and signed by the Reviewer. The report should be addressed to the QRB and should be dated as of the date of the conclusion of the review. QRB has also brought out a suggestive format of the Quality Review Report to be submitted by the Reviewer. The format is given in **Annexure** to the chapter.
- 6.8 The following matters should also be borne in mind by the Reviewer while preparing the quality review report:
- Complete facts and figures should be given in the report to make it more effective.
 - General remarks or remarks made over and above the requirements of the technical standards or relevant laws and regulations should be avoided.
 - The responses in the suggestive reporting format should be given suitably instead of simple Yes/No.
 - On receiving responses (if any) on the final report, if any, from PU, a summary of the final report should be prepared. Care should be taken by Reviewer that:
 - The format used is that prescribed by the QRB and para references of the observations are properly built in the final report.
 - The observations that have been duly dropped by the Reviewer in the course of the review should not be included in the Report. Thus, only final observations of the Reviewer should find place in the Summary of Reviewer's Findings.
 - No new observations based on responses from PU or otherwise can be added in the final report unless there

is additional information available and the same has been discussed with the PU and responses from PU are duly sought and considered.

6.9 In addition to the above, the Reviewer should also provide the following documents alongwith the final report as per the requirements of QRB:

- A document providing an overview on the quality review conducted including overview and information on how the review was planned and performed;
- A brief profile of Reviewer, the PU, and the Reviewer's assistants, if any;
- A document containing the observations that were dropped by the Reviewer which were in preliminary report (and hence did not find place in the final report) along with the reasons therefore.

Cost of the Quality Review

6.10 The Quality Review Board shall pay to the Quality Reviewer a fee of Rs. 25,000/- per quality review subject to submission of satisfactory Quality Review Report. The Quality Reviewer shall bear the cost of local transport, food, communications, printing, cost of submission of report etc. (for Quality Review Assignments within or under the radius of 50 Kms. of the city of residence of Reviewer);

In case the Quality Review Assignment is beyond 50 Kms. of the city of residence of Reviewer, the Quality Reviewer shall be reimbursed over and above the fee of Rs.25,000/-, cost of to and fro travel to the station nearest to the Practice Unit subjected to Quality Review from the place of his residence, accommodation and other expenses in accordance with the travel policy approved by the Board.

Further, an advance of the above mentioned honorarium amounting to Rs.10,000/- may be granted to the Quality Reviewers on receipt of request in this regard and subject to the satisfaction of the secretariat that the reviewer has initiated the Review.

Annexure

***'Final Report in respect of Quality Review of M/s. / Mr. / Ms.
 (name of the Practice Unit)***

Report No.

Date : __ / __ / ____

To

The Chairperson

Quality Review Board

ICSI

In terms of the communication received from the Quality Review Board dated __ / __ / ____ (date of acknowledgement by Quality Review Board, of the acceptance of the assignment by Quality Reviewer), I have carried out Review of the Quality of Professional Services rendered by M/s. / Mr. / Ms. (name of the Practice Unit) for the previous two financial years (mention the review period). The review was conducted in accordance with the Terms of Reference for Quality Reviewers.

The major focus of the Review was on Compliance with Technical Standards, Quality of Reporting, Office systems and procedures and the Training Programme for staff (including trainees) concerned including appropriate infrastructure. I am expressing an opinion on the implementation of quality control policies and procedures designed to ensure the compliance of Technical Standards and maintenance of quality of Professional Services and its implementation.

Review would not necessarily disclose all weaknesses in the quality of Professional Services rendered by Practice Unit or all instances of lack of compliance with Technical Standards, since it is based on selective tests. As there are inherent limitations in the effectiveness of any system of quality control, departure from the system may occur and not be detected. Also, projection of any evaluation of system of quality control to future periods is subject to the risk that such systems may become inadequate because of changes in conditions, or that the degree of compliance with the policies and procedures may deteriorate.

¹ Please note that the reporting format is the indicative only. The Reviewer is expected to give reasoned and speaking report on the findings of the Review.

In my opinion and subject to the following observations (if any) the system of quality control in respect of the Professional Services rendered by M/s. / Mr. / Ms. {name of the Practice Unit} for the period under review has been designed so as to carry out assignments in a manner that ensures compliance with technical standards laid down by the Institute and maintenance of the quality of Professional Services they perform.

Signature of the Reviewer

Reviewer's Code No.

(Name of the Reviewer)

Mem. No. / COP.

Place :

Date :

**Annexure to the Final Report of M/s. / Mr. / Ms.
 (name of the Practice Unit)**

Brief Background the Reviewee (Not exceeding 500 words) :

Further observations: (please enclose separate sheet, if required)

Sl. No.	Particulars	Detailed observations
1	Date on which questionnaire is received	
2	Total no. of firms / proprietorship and details thereof in which the member is engaged or renders Services	
3	No. and details of Partners, if any, of the Practice Unit Name, ACS/FCS No., CoP	
4	Date(s) of onsite visits and interactions	
5	Number of initial samples selected for review (also indicate as %age of attestation and audit services, advice and opinions (for each class of services separately) provided by PU)	

6	Basis of the samples selection / sample size	
7	Name of the person interacted on behalf of PU, in the conduct of review	
8	Whether general controls are in existence and operating effectively during the period under review? Please specify e.g.	
9	Whether review of internal control systems was carried out properly in performing attestation engagement?	
10	Engagement diary / working papers maintained with details.	
11	Whether proper systems and procedures exist within the PU to ensure compliance with technical standards. Please specify	
12	Details of the Auditing Standards being followed by Practice Unit.	
13	Adherence to the ICSI Code of Conduct by the Practice Unit being Reviewed.	
14	Office systems and procedures adopted by Practice Unit. Please elaborate.	
15	Initiatives taken by the Practice Unit for the Capacity Building of the members associated with the firm.	
16	No. of Secretarial Audit report signed by Practice Unit (whether belongs to the chosen for Review or some other Practice Unit)	

17	List out the deficiency (ies) observed in issuing Secretarial Audit Reports by PU.	
18	Date of issue of preliminary report and response received	
19	The level of co-operation received from PU	
20	Out of Box initiatives taken / adopted by the Practice Unit	
21	Suggestions for areas of improvement	

Signature :

Name of the Reviewer :

Date :

Reviewer Code No. :

APPENDICES

Appendix I**Terms of Reference for Quality Reviewers**

Provided below are the standard terms of reference for Quality Reviewers empanelled with the Quality Review Board of ICSI constituted under the Company Secretaries Act, 1980. These terms of reference have been recommended by the Quality Review Board to serve as a guide to Quality Reviewers empanelled or intended to be empanelled with the Quality Review Board of ICSI.

The functions of the Board as envisaged under Section 29B of the Company Secretaries Act, 1980 are as under:

- (a) to make recommendations to the Council with regard to the quality of services provided by the members of the Institute;
- (b) to review the quality of services provided by the members of the Institute including secretarial services; and
- (c) to guide the members of the Institute to improve the quality of services and adherence to the various statutory and other regulatory requirements.

Company Secretaries Procedures of Meetings of Quality Review Board, and Terms and Condition of Service and Allowances of the Chairperson and Members of the Board Rules, 2006 provides that

- (i) the Board may evaluate and review the quality of work and services rendered by the members of the Institute;
- (ii) lay down the procedure or evaluation criteria to evaluate various services being provided by the members of the Institute, and;
- (iii) to select, in such manner and form as it may decide, the individuals and firms rendering such services for review, call for information from the Institute, the Council or its Committees, members, clients of members or other persons or organisations in such form and manner as it may decide, and may also give a hearing to them.

Being empowered by above mentioned provisions of the Act (No. 56 of 1980) and the Rules made thereunder the Quality Review Board has made the Terms of Reference for Quality Reviewers as follows:

Profile of Quality Reviewer

The Quality Review Board shall maintain a panel of Quality Reviewers from amongst the persons having experience in the field of law, economics, business, finance or accountancy.

Quality Review

- (i) The Quality Review Board shall select the Practice Units for being reviewed/ evaluated by the Quality Reviewer(s) empanelled with it.
- (ii) The period of review shall be previous financial year or as directed by the Board.
- (iii) The Quality Review shall include the critical aspects of the practices adopted by Practice Units.
- (iv) The Quality Review shall be specific as to processes adopted by the Practice Units.
- (v) Once Quality Reviewers are contracted, they should be asked to elaborate in detail the review methodology they intend to follow.
- (vi) The ICSI shall provide the necessary information of Practice Unit to the Quality Reviewer.
- (vii) Quality Reviewer shall seek information about the detailed work entertained by the Practice Unit by a separate questionnaire.

Access to any record or document

The quality review shall include a desk analysis of existing documents plus collection of new information via phone, email, standard procedures etc.; or an in-depth analysis including desk review, new information collection, and includes a visit to the office of Practice Unit. A mix of methods is recommended to ensure qualitative review and ensure that the evidence be assessed by the reviewer in case mentioned by the Practice Unit and in case necessary for quality review even if not mentioned.

The Quality Reviewer shall consult the Core documents required for the works done or services rendered by the Practice Units. These shall include, at a minimum the related documents i.e. minute books etc., checklists, reports/certificates issued, any relevant past reviews/evaluations, if any.

Any person who is reasonably believed by a Quality 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 quality review shall produce to the Quality Reviewer or afford him access to, any record or document specified by the Quality Reviewer, and which is in his possession or under his control/ being in either case a record or other document which the Quality Reviewer reasonably believes is or may be relevant to the quality review, within such time as the Quality Reviewer may reasonably require; and also to provide to the Quality Reviewer all assistance in connection with review which he is expected to provide.

From the complete services client list, an initial sample may be selected by the Quality Reviewer. Practice units will be notified of the selection in writing about two weeks in advance, to provide the relevant information pertaining works done or services rendered by them and to be made available for quality review purpose to the Quality Reviewer.

The Quality Reviewer shall also collect the information pertaining to Partner/members of Practice Unit and the staff deployed. The reviewer shall also consult the external partners and stakeholders.

Focus of Quality Review

The Quality Review shall focus mainly on:

- (i) Compliance with Technical, Professional and other Standards.
- (ii) Quality of Reporting of Attestation/Certification services rendered by members.
- (iii) Office systems and procedures with regard to compliance of services including appropriate infrastructure.
- (iv) Training and capacity building Programs for self and staff including trainee(s), If any provided

Evaluation Process, Deliverables, and Timelines

The Quality Reviewer shall adhere to the widely adopted principles for ensuring quality reviews. The Quality Reviewer shall make his/her own logistic arrangements for conducting the Quality Review.

The Quality Reviewer shall fix the timelines for preparation, implementation

of quality review (including a preliminary visit itinerary, if appropriate), report drafting and revision, and briefing etc. The Quality Reviewer shall preserve the notes prepared during the quality review process (e.g. debriefing notes, draft and final report, presentation of findings to Quality Review Board) till the process is over. The Quality Reviewer shall follow the process in a fair and transparent manner.

The quality review shall be pro-active. The participation of the both Quality Reviewer and Practice Unit is a key in reviewing and for making recommendations, developing the solutions, and adapting plans.

The Quality Reviewer shall follow the high professional, technical and ethical standards at all levels.

Duration & Reporting

The Quality Reviewer shall submit the preliminary report within three weeks from the date of assignment. The Quality Reviewer shall provide quality review findings to the Quality Review Board with a copy of the Practice Unit within a period of three months from the date of assignment of Practice Unit by the Quality Review Board.

Quality Reviewer shall mention in the report, the observations in the preliminary report and the replies received from Practice Unit.

Recommendation of Quality Reviewer

Quality Reviewer shall give a reasoned and speaking report.

Payment Terms

- (a) The Quality Review Board shall pay to the Quality Reviewer a fee of Rs. 25,000/- per quality review subject to submission of satisfactory Quality Review Report. The Quality Reviewer shall bear the cost of local transport, food, communications, printing, cost of submission of report etc. (for Quality Review Assignments within or under the radius of 50 Kms. of the city of residence of Reviewer);
- (b) In case the Quality Review Assignment is beyond 50 Kms. of the city of residence of Reviewer, the Quality Reviewer shall be reimbursed over and above the fee of Rs.25,000/-, cost of to and fro travel to the station nearest to the Practice Unit subjected to Quality

Review from the place of his residence, accommodation and other expenses in accordance with the travel policy approved by the Board.

Appendix II**FAQs on Quality Review****1. What is Quality Review?**

Ans: The Quality Review is an examination and review of the systems and procedures of the Practice Unit that while rendering professional services, the PU has:

- ensured compliance with the applicable technical standards, relevant laws and regulations; and
- implemented a system of quality control with reference to the applicable technical and other standards.

2. What are the main objectives of Quality Review?

Ans: The Quality Review shall focus mainly on:

- Compliance with Technical and Professional Standards.
- Quality of checking, examination and review of records and Procedure for Secretarial Audit and other Audits, Attestation and Certification services rendered by the practice unit.
- Office systems and procedures including appropriate infrastructure, record keeping.
- Training and capacity building for self and staff including trainees, if any.
- Any complaint or disciplinary / legal proceedings against the practice unit.
- Any out of the box initiative, innovation or practice followed by the practice unit.

3. What is the meaning of Practice Unit?

Ans: Practice Unit shall mean firm / LLP of Company Secretaries. For example, Mr. X, a company secretary in practice and partner in X & Y Associates is selected by the Board for being reviewed. The systems, processes and the infrastructure, etc. of the X & Y Associates shall be considered for review.

4. Who has the authority to administer the Quality Review?

Ans: The Quality Review Board is the authority to administer the Quality Review.

In exercise of the powers conferred by section 29A of the Company Secretaries Act, 1980 (hereinafter referred as 'the Act') the Central Government has constituted the Quality Review Board (hereinafter referred as QRB or 'the Board').

Section 29A(1) of the Act, provided that the Board shall comprise a Chairperson and four other members. Further, section 29A(2) requires that the Chairperson and members of the Board shall be appointed from amongst the persons of eminence having experience in the field of law, economics, business, finance or accountancy.

5. What are the functions of the Quality Review Board?

Ans: Section 29B of the Act lays down the functions of the Board as under:

- a) Making recommendations to the Council with regard to the quality of services provided by the members of the Institute;
- b) Reviewing the quality of services provided by the members of the Institute including secretarial services; and
- c) Guiding members of the Institute to improve the quality of services and adherence to the various statutory and other regulatory requirements.

6. What is the criteria of selection of Practice Units for being reviewed?

Ans: The Board is empowered to decide the criteria of selection of Practice Units for being reviewed in each phase.

7. Can PU selected for review, refuse to get reviewed?

Ans: No. Clause (2) of Part III of the FIRST SCHEDULE to the Company Secretaries Act, 1980 provides that a member of the Institute, whether in practice or not, shall be deemed to be guilty of professional misconduct, if he does not supply the information called for, or does not comply with the requirements asked for, by the Institute, Council or any of its Committees, Director (Discipline), Board of Discipline, Disciplinary Committee, Quality Review Board or the Appellate Authority.

8. Records of how many years are subject to Review by the Reviewer?

Ans: The Engagement records of the previous two financial years shall be subject to review.

9. What do Technical Standards mean?

Ans: Technical Standards - Mean and include:

- Auditing Standards issued by the Institute of Company Secretaries of India;
- Compliance of the Guidance Notes issued by the Institute of Company Secretaries of India which are applicable in the context of the specific engagements being reviewed;
- Compliance of the provisions of the various relevant Statutes and/or Regulations, which are applicable in the context of the specific engagements being reviewed; and
- Notifications/Directions issued by the Council of Institute of Company Secretaries of India from time to time.

10. What are the Duties/Obligations of a Practicing Unit?

Ans: The PU shall:

- Produce or give access to any records, documents considered relevant
- Provide full cooperation and assistance while the conduct of Quality Review
- Provide Explanation or any other information asked by the Reviewer
- Provide Accurate information in legible form and if Information provided is in any other language, then it should be translated in English, if requested by the Reviewer
- Reviewer has all right to examine, inspect or take abstract from documents or records.

11. What is the cost of Quality Review and who bears the same?

Ans: The Quality Review Board has defined the payment terms for Quality Reviewers as follows:

- (a) The Quality Review Board shall pay to the Quality Reviewer a fee of Rs. 25,000/- per quality review subject to submission of satisfactory Quality Review Report. The Quality Reviewer shall bear the cost of local transport, food, communications, printing, cost of submission of report etc. (for Quality Review Assignments within or under the radius of 50 Kms. of the city of residence of Reviewer);
- (b) In case the Quality Review Assignment is beyond 50 Kms. of the city of residence of Reviewer, the Quality Reviewer shall be reimbursed over and above the fee of Rs.25,000/-, cost of to and fro travel to the station nearest to the Practice Unit subjected to Quality Review from the place of his residence, accommodation and other expenses in accordance with the travel policy approved by the Board.

12. What are the qualifications for being empanelled as Quality Reviewer?

Ans: Board has laid down eligibility conditions for appointment of Quality Reviewers.

A Quality Reviewer shall fulfil the criteria mentioned in para I or para II:-

- I. An individual desiring to be empanelled, shall:
 - (a) Be a Fellow member of ICSI; and
 - (b) Possess at least fifteen (15) years of post-membership experience as Company Secretary in Practice or employment in the Secretarial Department of a Company or as a combination of practice and employment in the Secretarial Department of a Company; and
 - (c) Be currently in practice of the profession of company secretaries.
- II. An individual desiring to be empanelled shall:

Be empanelled as Peer Reviewer in terms of the Guidelines for Peer Review of Attestation and Audit Services by Company Secretary in Practice and has completed minimum 2 assignments of Peer Review.

13. What are the other requirements for empanelment as Quality Reviewer?

Ans: While only a Company Secretary in Practice fulfilling the eligibility

criteria can be appointed as Quality Reviewer. The other condition is that the directorate of discipline shall not have taken action against the member during previous 5 years under the Company Secretaries Act, 1980. Further, in case the Reviewer is found guilty or becomes ineligible due to any reason in future even after his empanelment, he/she shall be removed from the panel of Reviewers by the Board', without assigning reasons.

Further, to be eligible to appoint as Reviewer, neither the Reviewer nor member(s) of the review team, if any shall be associated with the Practice Unit in any manner, during last three financial years and /or thereafter.

14. Does getting empanelled as Reviewer with Institute ensure the allotment of Quality Review assignment?

Ans: No, as the reviewers are appointed by the Board and because appointment of Reviewer depends on various other factors like experience, choices made by the PU, etc.

15. What is the criteria of appointment of Quality Reviewers?

Ans: The Board appoints Quality Reviewer from the panel of Quality Reviewers who have completed the mandatory training as provided by the Board from time to time. The appointment of the Quality Reviewers takes place on the basis of age, qualifications, experience matching with that of PU. The Board is empowered to appoint Quality Reviewer within or from outside the city of the PU based on the specified criteria.

16. Can a Practice Unit request for appointment of Quality Reviewer on its own?

Ans: The Quality Reviewer is appointed by the Board only on the basis of the criteria specified above, the Practice Unit cannot select the reviewer on its own.

17. What should be the approach of Quality Reviewer during the review process?

Ans: The Quality Reviewer appointed by the Board is not an inspector. He should plan on-site visit with mutual consent with the PU so as to ensure minimum disruption to the PU. The approach of the Reviewer should be courteous, professional and helpful throughout the review process. He should be appreciative of good practices while suggesting areas of improvement.

He should adopt a collaborative approach with the PU during the review process. He should be able to provide practical and insightful comments in a discussion mode during the review process. He should try and give value addition to PU and not merely adopt a tick box approach.

18. Can a Reviewer appointed by the Board, refuse to perform the Quality Review assignment?

Ans: On receiving basic details from PU, the QRB appoints Quality Reviewer and send communication in this regard, seeking his consent for the assignment. On acceptance of the assignment, the reviewer commences the review.

However, the Reviewer can refuse to perform the Quality Review assignment after giving a valid reason to the Board.

The refusal of assignments can be taken on the following grounds:

- Conflict of Interest between the Reviewer and PU;
- Ill Health;
- Other work or pre-occupations, etc.

19. Is Reviewer allowed to get assisted in the conduct of review?

Ans: Yes. Reviewer is allowed to take assistance from maximum of three Assistants. The Reviewer is authorized to decide composition of review team subject to the guidelines as specified by the Board.

20. What should be the basis of selection of the number of service engagements to be reviewed?

Ans: The Reviewer should select the initial sample size for Review on random basis from the complete list of service engagements of the PU. He can also select the sample on the basis of information given in the questionnaire of PU.

Number of services to be reviewed depends upon the size of the PU, number of service engagements of PU during the period under review etc. A balanced sample should be selected from the variety of engagements in a way that overall performance of the PU can be marked.

21. Will the information disclosed by Practice Unit be kept confidential by the reviewer?

Ans: The Quality Reviewer and his team is bound by Confidentiality Agreement with the Quality Review Board. If the information disclosed by PU is misused, disciplinary action can be taken by the Institute.

22. Within what period the Report is to be submitted to the Board?

Ans: The Quality Reviewer shall submit the preliminary report to the PU within three weeks from the date of assignment. The Quality Reviewer shall provide quality review findings to the Quality Review Board with a copy of the Practice Unit within a period of three months from the date of assignment of Practice Unit by the Quality Review Board.

23. What should be the basic information / details that shall part of final report?

Ans: The Quality Reviewer shall mention in the report, the observations made in the preliminary report and the replies received from Practice Unit. He should mention the positive and negative observation separately, any out of box initiatives of the PU and suggestions for improvement, if any. The QRB has developed a suggestive reporting format but the Reviewer shall not restrict himself to the format only. He should share other information also as specified.

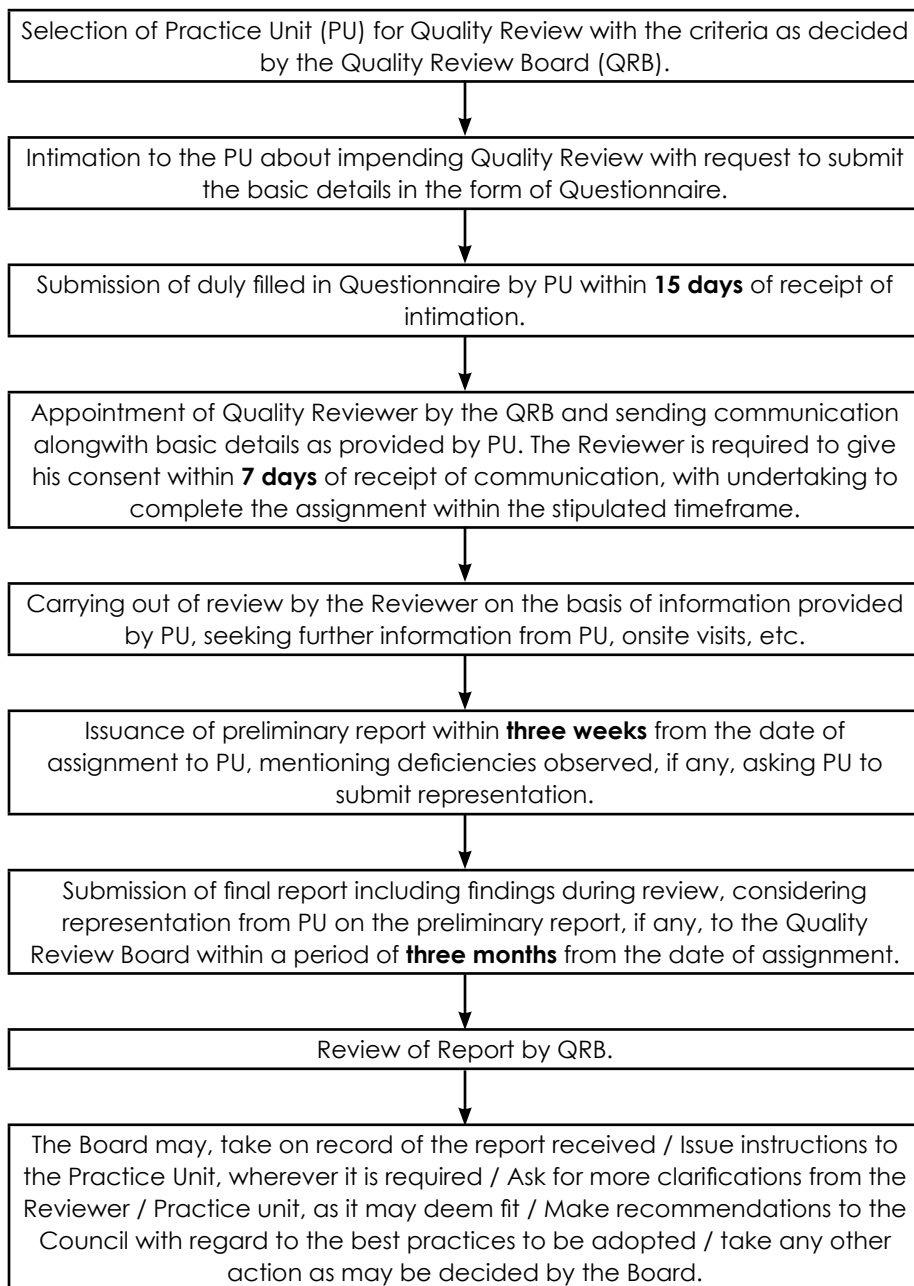
24. Does Quality Review Board issue any certificate on completion of Quality Review?

Ans: No. The Quality Review Reports as submitted by Reviewer are considered by the Board.

The Board on receiving final report from Reviewer may take any of the following actions:

- Consider and take on record of the report received;
- Issue instructions to the Practice Unit, wherever it is required;
- Ask for more clarifications from the Reviewer / Practice unit, as it may deem fit;
- Make recommendations to the Council with regard to the best practices to be adopted.

No Certificate is issued to the PU on completion of the review, only above mentioned action are taken by the Board.

Appendix III**Flow Chart Explaining the Quality Review Process**

Appendix IV

**Difference between the processes of
Quality Review Board (QRB) and Peer Review Board (PRB)**

Basis of difference	Quality Review Board	Peer Review Board
Formation of the Board	Ministry of Corporate Affairs, vide notification no. G.S.R. 490(E) dated 13th July, 2007 constituted Quality Review Board of the ICSI for promoting "Quality" considerations in rendering various professional (both statutory and non-statutory) services by the Members of the Institute.	The Peer Review Board was formed pursuant to the Guidelines for Peer Review of Attestation and Audit Services by Company Secretaries in Practice, as approved by the Council in its 202nd Meeting held on August 25-26, 2011, notified in the official Gazette of India dated October 18, 2011, and are effective from October 1, 2011.
Constitution	<p>Section 29A of the Company Secretaries Act, 1980 enumerates the provisions for constitution of the Quality Review Board as follows:</p> <ol style="list-style-type: none"> 1. QRB shall consist a Chairperson and four other members as appointed by Central Government. 2. The Chairperson and members of the Board shall be appointed from amongst the persons of eminence having experience in the field of law, economics, business, finance or accountancy. 3. Two members of the Board shall be nominated by the Council and other two members shall be nominated by the Central Government. 	<p>Para 6.1 of the Guidelines for Peer Review of Attestation and Audit Services by Company Secretaries in Practice provides provisions for Constitution and Appointment of the members on the Board and follows:</p> <ol style="list-style-type: none"> 1. 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. 2. At least one-half of Council Members on the Board shall hold Certificate of Practice.

<p>Functions / Powers of the Boards</p>	<p>Section 29B of the Company Secretaries Act, 1980 provides for functions of the Board as follows:</p> <p>(a) to make recommendations to the Council with regard to the quality of services provided by the members of the Institute;</p> <p>(b) to review the quality of services provided by the members of the Institute including secretarial services; and</p> <p>(c) to guide the members of the Institute to improve the quality of services and adherence to the various statutory and other regulatory requirements.</p>	<p>In terms of para 8 of the Guidelines for Peer Review of Attestation and Audit Services by Company Secretaries in Practice, the power of the Peer Review Board shall include:</p> <p>(a) To call for information from practice units in such form, as amended from time to time, as it deems fit.</p> <p>(b) To maintain a panel of Reviewers.</p> <p>(c) To arrange for such training programs for reviewers as may be deemed appropriate;</p> <p>(d) To prescribe the system, practice and procedure to be observed in relation to peer reviews; and</p> <p>(e) 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.</p> <p>(f) To guide the members on best practices on Peer Review.</p>
<p>Scope of Quality Review / Peer Review</p>	<p>The Quality Review Board is empowered to decide the criteria for selection of Practice Units for being reviewed in each phase.</p>	<p>Peer Review is directed at the following attestation and audit services of a practice unit (PU):</p> <ol style="list-style-type: none"> 1. Annual Returns Certified/Signed under Companies Act, 2013 2. Certificates under Regulation 40 (9) of SEBI (LODR) Regulations, 2015

		<p>3. Secretarial Audit Reports under Section 204 of the Companies Act, 2013 / Regulation 24A of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015</p> <p>4. Annual Secretarial Compliance Reports under SEBI (LODR) Regulations, 2015</p> <p>5. Internal Audits under Section 138 of the Companies Act, 2013</p> <p>6. Audit Reports issued under Clause 76 of SEBI (Depositories & Participant Regulations) 2018</p> <p>7. Certificate under Regulation 56 of LODR Regulation 34(3) read with Schedule V, Para C, Clause (b) (i)</p> <p>8. Compliance Certificates under Clause E, Schedule V of SEBI (LODR) Regulations, 2015</p> <p>9. Internal Audit of Registrar and Share Transfer Agent (RTA) under SEBI Circular No. SEBI/HO/MIRSD/CIR/P/2018/73</p> <p>10. Internal Audit of Credit Rating Agencies under SEBI Circular No. SEBI/MIRSD/CRA/Cir-01/2010</p> <p>11. Internal Audit Certificate for operations of the Depository Participants</p> <p>12. Half yearly bank due diligence certificates</p>
<p>Selection of Practice Unit(s) and the period of Review</p>	<p>(a) The Board shall select the Practice Unit(s) for review</p> <p>(b) The period of review shall be previous two financial year or as directed by the Board.</p>	<p>Peer Review of a Practice Unit is conducted as follows:</p> <p>(a) Whenever Peer Review is mandated on the Instructions of Government / Regulators / Statutory Bodies</p>

		<p>(b) Whenever Peer Review is requested Voluntarily by the Practice Unit</p> <p>(c) Whenever Peer Review is conducted on the basis of random selection</p> <p>(d) Upon the recommendation of the Board of discipline or Disciplinary Committee of ICSI / Quality Review Board / Council of ICSI</p> <p>Period of review shall be previous financial year.</p>
Focus	<p>The Quality Review shall focus mainly on:</p> <p>(a) Compliance with Technical, Professional and other Standards.</p> <p>(b) Quality of Reporting of Attestation/Certification services rendered by members.</p> <p>(c) Office systems and procedures with regard to compliance of services including appropriate infrastructure.</p> <p>(d) Training and capacity building Programs for self and staff including trainees, if any provided</p>	<p>The Peer Review shall focus on:</p> <p>(a) Compliance with Technical Standards.</p> <p>(b) Quality of Reporting.</p> <p>(c) Office systems and procedures with regard to compliance of Attestation and Audit Services</p> <p>(d) Training Programs for staff (including trainees) concerned with attestation and audit functions, including appropriate infrastructure.</p>
Eligibility to be empanel as Reviewer	<p>A Quality Reviewer shall fulfil the criteria mentioned in para I or para II:-</p> <p>I. An individual desiring to be empanelled, shall:</p> <p>(a) Be a Fellow member of ICSI; and</p>	

	<p>(b) Possess at least fifteen (15) years of post-membership experience as Company Secretary in Practice or employment in the Secretarial Department of a Company or as a combination of practice and employment in the Secretarial Department of a Company; and</p> <p>(c) Be currently in practice of the profession of company secretaries.</p> <p>II. An individual desiring to be empanelled shall:</p> <p>(a) Be empanelled as Peer Reviewer in terms of the Guidelines for Peer Review of Attestation and Audit Services by Company Secretary in Practice and has completed minimum 2 assignments of Peer Review.</p>	<p>An individual to be empanelled as Peer Reviewer shall:-</p> <p>(a) Be a member with at least 10 years of post-qualification experience as Company Secretary</p> <p>(b) Be currently holding Certificate of Practice as issued by the Institute;</p>
<p>Duration & Reporting</p>	<p>Submission of Preliminary report within three weeks from the date of assignment to the PU, mentioning the observations and deficiencies, if any noticed by the Reviewer during the course of review.</p> <p>Final Report within three months from the date of assignment, mentioning finding during review and observations in the preliminary report and representation received from Practice Unit in this regard.</p>	<p>Submission of preliminary report to the practice unit (in case the Reviewer finds any deficiency in rendering the Attestation Services by PU).</p> <p>The Reviewer shall submit final report to Board within such period as may be specified by the Board.</p>

<p>Cost</p>	<p>(a) The Quality Review Board shall pay to the Quality Reviewer a fee of Rs. 25,000/- per quality review subject to submission of satisfactory Quality Review Report. The Quality Reviewer shall bear the cost of local transport, food, communications, printing, cost of submission of report etc. (for Quality Review Assignments within or under the radius of 50 Kms. of the city of residence of Reviewer);</p> <p>(b) In case the Quality Review Assignment is beyond 50 Kms. of the city of residence of Reviewer, the Quality Reviewer shall be reimbursed over and above the fee of Rs.25,000/- , cost of to and fro travel to the station nearest to the Practice Unit subjected to Quality Review from the place of his residence, accommodation and other expenses in accordance with the travel policy approved by the Board.</p>	<p>Peer Review fee of Rs. 10,000/- (inclusive of GST, TA/DA and any out of pocket expenses) or an amount as may be prescribed by the Peer Review Board from time to time shall be borne by the Practice Unit.</p>
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