FAQs on Peer Review

1. What is Peer Review?
   Ans. Peer Review is a process used for examining the work performed by one’s equals (peers) and to understand the systems, practices and procedures followed by the Practice Unit and to give suggestions, if any, for further improvement.

2. What is the meaning of Practice Unit?
   Ans. Practice Unit means members in practice, whether practicing individually in own name, or as a sole proprietorship, or as a partner of a firm/LLP of Company Secretaries.

3. What are the main objectives of Peer Review?
   Ans. The main objectives of Peer Review is to ensure that while rendering Professional Services, the members in practice would: (a) comply with the Technical Standards laid down by the Institute; and (b) have in place proper systems (including documentation systems) for maintaining the quality of services they perform. Peer Review is directed towards enhancement of quality of professional services by providing guidance to members to improve their performance and adhere to various statutory and other regulatory requirements.

4. What is the focus of Peer Review?
   Ans. The focus of Peer Review is on Professional development of members, Enhancing the quality of reporting by keeping a review check on office systems and Procedures pertaining to services rendered by themselves, to keep a review system in place for time and staff management, Compliance with Technical Standards, organizing training programmes for staff (including articles/trainees), including appropriate infrastructure etc.

5. Who has the authority to administrate the Peer Review?
   Ans. The Council of the Institute of Companies Secretaries of India has issued guidelines on Peer Review, which lays down the framework for conduct of Peer Reviews by setting up the Peer Review Committee (the Committee). The duty of carrying out the provisions of the Guidelines is vested with the Committee.

6. What is the composition of the Peer Review Committee?
   Ans. The Committee 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.

7. What are the Power of the Peer Review Committee?
   Power of the Committee - The Committee shall exercise such powers as provided in these guidelines for the purpose of discharging its duties under the provisions of these guidelines.
   The duties of the Committee shall include:
   • To call for information from Practice Units in such form, as it deems fit.
   • To maintain a panel of Peer Reviewers.
   • To define the terms of appointment of the Reviewers.
   • To send a Panel of Peer Reviewers to the Practice Unit and allow them to choose
any one Reviewer from the panel so forwarded.

- To examine the aspects of basis of selection of records pertaining to the services in terms of the appropriate Technical Standards.
- To arrange for such training programs for Reviewers and orientation programmes for practice unit as may be deemed appropriate;
- To prescribe the system, practice and procedure to be observed in relation to Peer Review; and on considering the Report of a Reviewer, to do any or all of the following:
  - To issue recommendations to the Practice Unit;
  - To order a further Peer Review to be carried out;
- After considering the report of the Reviewer and compliance of recommendations by the Practice Unit, wherever deemed appropriate by the Committee, to issue Peer Review Certificate.
- To guide the members on best practices on Peer Review.
- Such other action(s) as may be necessary for the fulfilment of these Guidelines.

8. **What are the practice areas covered under the scope of Peer Review? What would be the consequences, if Practice Unit is not rendering any of the mentioned services, applies for Peer Review?**

**Ans.** The Review would be in respect of the following services:

1. Annual Returns Certified/Signed under Companies Act, 2013
2. Certificates Issued under Regulation 40 (9) of SEBI (LODR) Regulations, 2015
4. Annual Secretarial Compliance Reports under SEBI (LODR) Regulations, 2015
5. Internal Audits under Section 138 of the Companies Act, 2013
6. Audit Reports issued under Clause 76 of SEBI (Depositories & Participant Regulations) 2018
7. Certificate issued under Regulation 56 of LODR Regulation 34(3) read with Schedule V, Para C, Clause (b) (i)
8. Compliance Certificates issued under Clause E, Schedule V of SEBI (LODR) Regulations, 2015
9. Internal Audit of Registrar and Share Transfer Agent (RTA) under SEBI Circular No. SEBI/BO/MIRSD/CIR/P/2018/73
10. Internal Audit of Credit Rating Agencies under SEBI Circular No. SEBI/MIRSD/CRA/Cir-01/2010
11. Issuance of Internal Audit Certificate for operations of the Depository Participants
12. Half yearly bank due diligence certificates issued
13. Due Diligence and Certification under the Securities and Exchange Board of India (Delisting of Equity Shares) Regulations, 2021

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1 Pursuant to the Securities and Exchange Board of India (Delisting of Equity Shares) Regulations, 2021
The Peer Review Committee has decided that the Peer Review of the Practice Units rendering in other areas can also be conducted. In such case, the validity of the Peer Review Certificate shall be two years.

9. **Records of how many years are subject to Peer Review by the Reviewer?**
   **Ans.** The Engagement records of immediately preceding financial Years shall be subject to peer review.

10. **What does mean by Technical Standards?**
    **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;
    - Notifications/Directions issued by the Council of Institute of Company Secretaries of India; and
    - UDIN Guidelines

11. **What are the advantages of the Peer Review to the Practice Unit (PU)?**
    **Ans.** It is expected that a Peer Reviewed Unit Enhance the quality of Attestation and Audit Services, Credibility and provide competitive advantage, and Provide a forum for Guidance and knowledge sharing.
A part from this, the Council of ICSI has issued Guidelines for mandatory Peer Review for Certification and Audit Services.
The Council has made following Guidelines on limits on Secretarial Audit and Annual Secretarial Compliance Reports to be issued by PCS:

<table>
<thead>
<tr>
<th>Limits for the issue of Secretarial Audit Reports:</th>
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<tr>
<td>• 10 Secretarial Audits per partner/ PCS, and</td>
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<tr>
<td>• <strong>an additional limit of 5 secretarial audits per partner/PCS in case the unit is peer reviewed.</strong></td>
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<tr>
<td>(For Secretarial Audit Reports issued for FY 2016-17 onwards)</td>
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<tr>
<th>Number of Annual Secretarial Compliance Reports to be issued by PCS:</th>
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<tr>
<td>• 5 (five) reports individually / per partner in each financial year</td>
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<tr>
<td>• <strong>an additional limit of 5 (five) ASCR individually / per partner in case the unit has been Peer Reviewed.</strong></td>
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<td>(w.e.f. 1st April, 2020)</td>
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Further, the Guidelines for mandatory Peer Review for Certification and Audit services as under:

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<tr>
<th>Services</th>
<th>Applicability</th>
<th>Effective date (w.e.f.)</th>
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<tr>
<td>• Secretarial Audit Report / Annual Secretarial Compliance Report under SEBI (LODR) Regulations, 2015</td>
<td>Top 100 companies as per market capitalization as on 31st March, 2020</td>
<td>April 1, 2020</td>
</tr>
<tr>
<td>• Certification of Annual Return in terms of Section 92 (2) of the Companies Act, 2013</td>
<td>Top 500 companies as per market capitalization as on 31st March, 2021</td>
<td>April 1, 2021</td>
</tr>
<tr>
<td>• Compliance Certificate under Schedule V, Clause E of SEBI (LODR) Regulations, 2015</td>
<td>all listed companies</td>
<td>April 1, 2022</td>
</tr>
<tr>
<td>• Half yearly Share Capital Reconciliation Certificate under Regulation 40 (9) of SEBI (LODR) Regulation, 2015</td>
<td>all companies</td>
<td>April 1, 2023</td>
</tr>
<tr>
<td>• Quarterly Share Capital Reconciliation Certificate under Regulation 76 of SEBI (Depository Participants) Regulation, 2018</td>
<td></td>
<td></td>
</tr>
<tr>
<td>• Internal Audit of Operations of the Depository Participants</td>
<td></td>
<td>April 1, 2020</td>
</tr>
<tr>
<td>• Diligence Report for Banks in case of Consortium Lending / Multiple Banking Arrangements</td>
<td></td>
<td>July 1, 2020</td>
</tr>
<tr>
<td>• Due Diligence and Certification under the Securities and Exchange Board of India (Delisting of Equity Shares) Regulations, 2021²</td>
<td></td>
<td>June 10, 2021</td>
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It can be said that going forward only Peer Reviewed Units will be able to render certain services.

12. (A) How are the Practice Units to be Peer Reviewed, selected?
Ans. The Practice Units for Peer Review are selected on the following basis:
• Random selection from software designed for the purpose;
• Voluntarily request by the Practice Unit;
• Mandated on the Instructions of Government / Regulators / Statutory Bodies;
• Recommendation of the Board of discipline or Disciplinary Committee of ICSI / Quality Review Board / Council of ICSI;
  Any other criteria as may be decided by Peer Review Committee / Council of ICSI.
(B) Can I apply on voluntary basis to get my firm Peer Reviewed?
Ans. Yes.

² Pursuant to the Securities and Exchange Board of India (Delisting of Equity Shares) Regulations, 2021
(C) Can any of my clients ask the Institute to get me peer reviewed? If yes who would bear the cost of Peer Review in this case.

Ans. Yes, the client can ask Committee to get the Practice Unit Peer Reviewed and the cost of Peer Review shall be borne by the client in this case.

13. How much will it cost a Practice Unit to get Peer Reviewed?

Ans. A Practice Unit is required to pay to the Peer Reviewer, a fee of Rs.10,000/- (inclusive TA/DA and any out of pocket expenses) or an amount as may be prescribed by the Peer Review Committee from time to time. In case Reviewer has to conduct second review, the same rate would apply to the second review also. Each Branch/office under Review would be considered separately. In case a Practice Unit feels that the fee for Peer Reviewer is on the higher side and cannot afford the same, such Practice Unit may write to the assigned Peer Reviewer to charge lesser fee. In such cases it will be upto the Peer Reviewer to charge lesser fee as he/she may deem fit. Sometimes the Peer Reviewer has to spend more time and resources than anticipated while carrying out the assignment of Peer Review owing to the large size of practice unit in terms of no. of partners or diversity in the area of practice. In such cases, the Peer Reviewer may charge a sum higher than Rs.10,000/- as may be mutually decided between the Practice Unit and the Peer Reviewer.

14. To whom is the fee for Peer Review be paid?

Ans. The cost of Peer Review shall be paid by the PU directly to the Reviewer within 30 days from the receipt of Invoice raised by the Peer Reviewer. The said payment of Honorarium shall be paid to the Reviewer by crossed account payee cheque/Demand Draft/NEFT/RTGS/IMPS or any other electronic mode.

15. What are the Guidelines for mentioning / displaying the status of being reviewed?

Ans. Visiting Cards / Letter heads - Peer Reviewed Practice Units be allowed to mention the fact being Peer Reviewed on visiting cards and letter heads in the form and style ‘Peer Reviewed – Year XX-YY’, subject to the compliance of the advertisement guidelines of ICSI applicable to PCS. Website - The fact of being Peer Reviewed can be stated. However, neither the Certificate nor the Peer Review Report may be display on the website.

16. Who can become a Peer Reviewer?

Ans. A member of the Institute who fulfills the following criteria may apply to be empanelled as a Peer Reviewer-

(a) possesses at least 10 years of post-membership experience;
(b) is currently in practice as a Company Secretary.

Further to be empanelled as Peer Reviewer, a member shall not have:

a) disciplinary action / proceedings pending against him during the past 3 years;

b) been convicted by a Competent Court whether within or outside India, of an offence involving moral turpitude and punishable with transportation or imprisonment.
The Peer Review Committee organizes training programme for empanelment of Peer Reviewers from time to time. It is mandatory to attend the training programme for empanelment as Peer Reviewer.

Members who are willing to get themselves empanelled as a reviewer may, after fulfilling the above criteria apply at any time in the prescribed form. The Empanelment form can be downloaded from the Institute's website i.e., www.icsi.edu or below mentioned link can also be followed for the same:
https://www.icsi.edu/media/webmodules/Peer%20Reviewers%20Empanelment%20form.pdf

17. Does getting empanelled as a Reviewer with Institute ensure the allotment of Peer Review work?
Ans. No, because selection of Reviewer also depends on various other factors like experience, choices made by the PU, etc.

18. Can a Reviewer refuse to accept/perform any Peer Review assignment allotted to him/her?
Ans. Yes, the Reviewer can refuse to accept / perform the Peer Review assignment after giving a valid reason to the Committee.

The refusal of assignments can be made on the following grounds:
- Conflict of Interest between the Reviewer and PU
- Ill Health
- Other work or pre-occupations

19. Is Reviewer allowed to get assisted in the conduct of review?
Ans. Yes. Reviewer is allowed to take assistance from any one Qualified Assistant. The Qualified Assistant should be member of the Institute and has undergone adequate training in the manner considered appropriate by the Committee in terms of clause 15.1 of the Guidelines.

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, Total number of service engagements of PU during the period under review etc., as larger samples are not advisable and therefore, a balanced sample should be selected from the variety of samples 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 Peer Reviewer is bound by Confidentiality Agreement with the Peer Review Committee. If the Reviewer misuses the information disclosed by PU, he may be subject to disciplinary action by the Institute.
22. On what matters should a Reviewer maintain working papers.
   Ans. The working papers should be maintained for:
       - Working paper of the Review performed and his findings
       - Deficiencies, if any, found in the policies and procedures of the PU or
       - Any non-compliance prevailing in the PU
   The aforesaid working papers must be preserved for a period as stipulated by the Committee.

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

24. After the Peer review, is there any protection from disciplinary proceedings under
    the Code of Conduct?
   Ans. No. Peer Review is only a broad examination of the systems and procedures
       followed by the Practice Unit. The fact that you have been Peer Reviewed does not
       provide immunity from Disciplinary Action.

25. If I am selected for Peer Review, is it mandatory for me to offer myself for Peer
    Review?
   Ans. Yes

26. 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 during the conduct of Peer 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
       - In case Reviewee has more than one office, and Reviewer has asked for
         Information kept/available at some other office or Branch Office, he should
         be given access to those records also, without any delay or denial.
       - Reviewer has all right to examine, inspect or take abstract from documents or
         records.

27. Does a Practice Unit need to disclose the records of my clients to the reviewers or
    the Reviewer is allowed to visit the client(s)?
   Ans. No, the Practice Unit need not to disclose the records of clients and the Reviewer
       cannot visit or communicate to any of the clients of the PU.

28. What are the basic components of a Reviewer’s Report?
   Ans. The basic components of a Reviewer’s Report are:
       - Scope of Peer Review
29. **What does a Clean Report means?**
   **Ans.** Clean Report is a report that states that Reviewer is of the opinion that the PU is conducting its affairs in adherence to the Technical Standards as applicable to it.

30. **Can a Reviewer give qualifications in his Review Report?**
   **Ans.** Yes. Under following situations, a reviewer can qualify the report:
   - Non-compliance with quality control policies and procedures.
   - Any deficiency found in quality control procedures.
   - Non-adherence to Technical Standards.
   - No internal control systems prevail in the PU.
   - Current and permanent files were not maintained as per standards laid down.
   - No adequate training programmes were organized for staff.

31. **What can be done if Reviewer wants to take the extracts of records or documents of the PU?**
   **Ans.** Firstly, Reviewer in no circumstances, is allowed to take extracts or make copies of any document or records from the client’s files reviewed by him or of any client’s records acquired by him while conducting peer review, but he may have access to, or take the abstracts of the records and documents in order to carry out the review work at PU’s office.
   In case, if Reviewer wants to take any document or record alongwith, PU should be aware that reviewer is not permitted to do so and can deny the same.

32. **What is the process of Reporting in Peer Review?**
   **Ans.** The process of Reporting is as follows:
   - Communication of Preliminary Report stating non-compliances, deficiency (if any) to PU for submissions or representations within a period of 15 days.
   - Reviewer submits the Final Report to the Committee incorporating the findings with a copy to PU.
   - The Committee after it deems fit, issue Peer Review Certificate to the PU, or, can make recommendations to PU concerned to adhere the Technical Standards; issue instructions to the reviewer to carry out, within such period (not earlier than 6 months), a further Peer Review; may specify in the instructions issued the matters that needs to be reviewed.

33. **Will a Certificate be issued after Peer review?**
   **Ans.** Yes.
34. What will the validity of Peer Review Certificate issued?
   Ans. The validity of the Peer Review Certificate is five years from the date of its issue. However, in case the PU is being reviewed within two years of its incorporation, the validity shall be two years.

35. What would be the validity of the certificate in case of a sole proprietorship incorporated with two years?
   Ans. The Peer Review Committee has decided that the validity of the certificate issued to a Sole Proprietor even though incorporated within two years, shall be five years subject to the condition that the Sole Proprietor (member) holds Certificate of Practice for more than two continues years immediately preceding the year of review.

36. What is the procedure for renewal of Peer Review certificate issued?
   Ans. The Institute sends advisory for renewal before the expiry of the certificate to the concerned Practice Unit. The Practice Units can also voluntarily request to renewal before 6-12 months of expiry of certificate issued.

37. Will ICSI put up the names of the PU which have undergone PR on ICSI website?
   Ans. Yes

38. I have been Peer Reviewed once, will I be Peer Reviewed again?
   Ans. Yes, if the Peer Review Committee so decides or upon expiring validity of the Certificate issued.

39. Can I choose my Peer Reviewer?
   Ans. The Peer Review Committee would send you a panel of at least three reviewers and you may choose any one name out of the panel sent to you.

40. If I want a Peer Reviewer from outside my State or region what should I do?
   Ans. You may make a special request to the Peer Review Committee to provide names of Reviewers from outside the State/Region of place of business of Practice Unit. However, in such a case you would have to bear the extra cost that would be incurred for TA / DA etc.

41. What do I do if I am not satisfied with the Report of the Peer Reviewer?
   Ans. You may refer your case to the Peer Review Committee.

42. If I am not satisfied with the order of the Peer Review Committee can I appeal to the Council?
   Ans. Yes. You may appeal against the Order of the Peer Review Committee to the Central Council of the Institute.

43. Can I refuse to get myself Peer Reviewed?
   Ans. No. Any refusal to get Peer Reviewed shall be misconduct under the Code of Conduct.
44. In case the Practice Unit has been reviewed by the Quality Review Board of ICSI, whether is it still mandatory to undergo Peer Review?
   Ans. The Peer Review Committee has decided to extend benefit of Peer Review to the Quality Reviewed Units, as specified.
   The validity shall be five years from the date of issue of Quality Review Report by the Quality Reviewer or the validity of the Peer Review Certificate, whichever is later, in case the Practice Unit is also a Peer Reviewed Unit.

45. How ICSI Unique Document Identification Number (UDIN) Guidelines, 2019 are related to the Peer Review?
   Ans. The Council has made Guidelines for allowing additional Secretarial Audit Report / Annual Secretarial Compliance Report to the Peer Revived Units as well as mandated that certain services can be rendered by the Peer Reviewed Units only. The details are given above in the FAQs and can also be obtained from https://www.icsi.edu/media/webmodules/PRB/Mandatory_Peer_Review.jpg

   The details of Peer Reviewed Units are updated from time to time in the system designed for the purpose so as to give effect to the above Guidelines and allow the Peer Reviewed Units to generate the UDIN for the services that are mandatorily done by Peer Reviewed Units.

46. Can Peer Review be done by proprietor / partner of the Practice Unit peer reviewed by the Reviewer?
   Ans. No, Peer reviewer not to allow from getting his/her practice unit peer reviewed by the proprietor / partner of the Practice Unit peer reviewed by him/her.
   Suppose Mr. A has reviewed M/s. CB & Co. having two partners Mr. C and Mr. B. Neither Mr. C nor Mr. B will be able to do review of Mr. A. same is the case with Sole Proprietor / members practicing in Individual capacity.

47. What will be the status of Induction of Partner in Peer Reviewed Unit?
   Ans. The benefit of Peer Review is available to the members associated with the Practice Unit as on last day of the year under review.
   In case a new partner is inducted in Peer Reviewed unit, the newly inducted partner would not be eligible to get the benefit of Peer Review.
   If PU wish to extend benefit of Peer Review to the partner(s) inducted in the Practice Unit (PU), it has to undergo Peer Review again with the services rendered by inducted partner(s) in the PU.
   However, in case the partner(s) belongs to a Peer Reviewed Unit resign that Practice Unit and is inducted in another Peer Reviewed Unit, the benefit will be extended to such partner(s).

48. What are the time lines within which Peer Review has to submit his report to ICSI from the date of his appointment as Peer Reviewer?
   Ans. The Onsite visit shall take place within 30 days from the date of confirmation of acceptance of Peer Reviewer and the Peer Reviewers are advised to submit the report as
soon as possible after onsite visit. Normally, time of 15 days is sufficient to submit the report after onsite visit.

49. What are the Guidelines applicable for Peer Review of a Practice Unit having Branch Office(s)?

Ans. The Practice Units having Branch office(s) are required to undergo for Peer Review as a whole. The following are the important points in relation with Peer Review of Practice Units having Branch office(s):

- The Practice Unit has to indicate in the PU Questionnaire the details of Branch office(s)
- The option for selection of Reviewers from the respective city may be given to the Practice Unit or alternatively, the Practice Unit may opt the same Peer Reviewer to carry out the review for all its branches
- In case the Practice Unit opt for the same Peer Reviewer, the travel expenses, TA, DA, etc., if any, shall be borne by the Practice Unit.
- Each Branch Office will be considered separately for payment of fee to the Peer Reviewer.
- One Peer Review Certificate itself may indicate all the branches which have been reviewed.

50. A partnership firm whose Peer Review is under process, changes constitution due to any reason, suppose death of a partner / resignation etc. what would be the scenario of Peer Review / Unique Code issued to the Practice Unit and the validity of the Peer Review Certificate issued?

Ans. The Practice Unit is required to intimate the Directorate of Membership / Secretariat, Peer Review for making necessary updation in records. On change of constitution of the Partnership firm, the year of incorporation doesn’t change. Accordingly the validity of Peer Review certificate will not get affected.

51. What are the Guidelines applicable for Practice Units registered / CoP issued during the current year?

Ans. The Peer Review Committee has decided that a limited review of systems and procedures of the Practice Units / CP holder registered during the year of review be undertaken and a certificate to the effect with validity of two years be issued to such practice units / members.