

## 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 ICSI Guidance on Office Administration and Systems in the Office of PCS, ICSI Auditing Standards, Guidance Notes, Manuals, Referencers and advisories issued by the Institute; and
- (b) have in place proper systems (including documentation systems) for maintaining the quality of professional assignments undertaken by them.

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 ICSI Auditing Standards, Guidance Notes, Manuals, Referencers and advisories issued by the Institute, 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 Board (the Board). The duty of carrying out the provisions of the Guidelines is vested with the Board.

**6. What is the composition of the Peer Review Board?**

**Ans:** 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.

## 7. What are the Powers of the Peer Review Board?

**Ans:** Power of the Board - The Board 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 Board 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 regulatory requirements.
- 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 Board, 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 services which can be rendered only by a Peer Reviewed Unit?<sup>1</sup>

**Ans:** The Council vide powers conferred under the Company Secretaries Act, 1980 has issued Guidelines for mandatory Peer Review for Certification and Audit Services as under:

1. Secretarial Audit Report under Section 204 (1) of the Companies Act, 2013 / Regulation 24A (1) of the Securities & Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015.
  2. Annual Secretarial Compliance Report under Regulation 24A (2) of the Securities & Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015.
  3. Certification of Annual Return in terms of Section 92 (2) of the Companies Act, 2013.
  4. Compliance Certificate under Schedule V, Clause E of the Securities & Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015.
  5. Certification under Regulation 40 (9) of Securities & Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015.
  6. Quarterly Certificate for Reconciliation of Share Capital under Regulation 76 of Securities & Exchange Board of India (Depository Participants) Regulations, 2018.
- The effective date of applicability for the above services for listed companies is 1st April, 2022 and for all companies whether listed or otherwise it is 1st April, 2023.
7. Internal Audit of Operations of the Depository Participants w.e.f. 1st April, 2020.
  8. Diligence Report for Banks in case of Consortium Lending / Multiple Banking Arrangements w.e.f. 1st July, 2020.

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<sup>1</sup> Question updated on 26<sup>th</sup> October, 2023

9. Due Diligence and Certification under the Securities and Exchange Board of India (Delisting of Equity Shares) Regulations, 2021 w.e.f. 10th June, 2021.

Contravention of any of the provisions of the Guidelines would be viewed seriously and construed as professional misconduct under Clause (1) Part II of the Second Schedule of the Company Secretaries Act, 1980.

**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 Qualified Assistant mean?**

**Ans.** Qualified Assistant means a person assisting the Reviewer for carrying out peer review and who

- (a) is a member of the Institute,
- (b) has not been held guilty of misconduct under the Company Secretaries Act, 1980
- (c) is a partner or Associate of the Peer Reviewer.

**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.

Apart 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:

Limits for the issue of Secretarial Audit Reports:

- 10 Secretarial Audits per partner/ PCS, and
- **an additional limit of 5 secretarial audits per partner/PCS in case the unit is peer reviewed.**

(For Secretarial Audit Reports issued for FY 2016-17 onwards)

Number of Annual Secretarial Compliance Reports to be issued by PCS:

- 5 (five) reports individually / per partner in each financial year
- **an additional limit of 5 (five) ASCR individually / per partner in case the unit has been Peer Reviewed.**

(w.e.f. 1st April, 2020)

To ensure the quality of services rendered by members of the Institute to their clients and to the society as a whole, the Council has decided that only Peer Reviewed Practice Units shall be permitted to undertake the following assignments:

- Secretarial Audit Report / Annual Secretarial Compliance Report under SEBI (LODR) Regulations, 2015
- Certification of Annual Return in terms of Section 92(2) of the Companies Act, 2013
- Compliance Certificate under Schedule V, Clause E of SEBI (LODR) Regulations, 2015
- Half yearly Share Capital Reconciliation Certificate under Regulation 40(9) of SEBI (LODR) Regulation, 2015

- Quarterly Share Capital Reconciliation Certificate under Regulation 76 of SEBI (Depository Participants) Regulations, 2018
- Internal Audit of Operations of the Depository Participants
- Diligence Report for Banks in case of Consortium Lending / Multiple Banking Arrangements
- Due Diligence and Certification under the Securities and Exchange Board of India (Delisting of Equity Shares) Regulations, 2021.

**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 through the software designed for the purpose;
- at the request of the Practice Unit;
- upon the Instructions of Government / Regulators / Statutory Bodies;
- recommendation of the Board of Discipline / Disciplinary Committee of ICSI / Quality Review Board / Council of ICSI;

Any other criteria as may be decided by Peer Review Board / Council of ICSI.

**(B) Can I apply on voluntary basis to get my firm Peer Reviewed?**

**Ans.** Yes.

**(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 Board 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 Board 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 to 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:** 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) be a member with at least 10 years of post-qualification experience as Company Secretary; and out of the 10 years of post-qualification experience, should have been in practice for a continuous period of not less than five years at the time of empanelment;
- (b) be currently holding Certificate of Practice as issued by the Institute;
- (c) have undergone the Training Programme for Peer Reviewers and qualified the Certification Programme for Peer Reviewers organized by the Institute.

The Peer Review Board has clarified that the Peer Reviewers empanelled till date may continue to undertake peer review assignments accepted by them upto 31<sup>st</sup> March, 2026 without completing the online certification programme, but shall complete the said online certification programme successfully to undertake peer review assignments after 31<sup>st</sup> March, 2026.

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 found guilty of professional or other misconduct by the Board of Discipline / Disciplinary Committee, at any time, as the case may be;
- (c) been convicted by a Competent Court whether within or outside India, of an offence involving moral turpitude and punishable with imprisonment.

**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 Board. 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

- (a) shall be a member of the Institute,
- (b) should not been held guilty of misconduct under the Company Secretaries Act, 1980,
- (c) shall be a partner or Associate of the Peer Reviewer.

**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.

The Peer Reviewer shall choose not less than 10% of the actual attestation assignments undertaken by the PU under each category or five assignments under each category, whichever is more. In case the sample size is smaller than this, the reasons therefor shall be specifically stated in the Peer Review Report.

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 assessed.

**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 Board. 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 Board and made available to the Board, as and when called for.

**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, provide for its translation 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
- Reference to the quality control standards
- A statement indicating that the quality control is the responsibility of the reviewed firm
- Limitations if any on the review conducted
- A reference to the preliminary report
- Description of why modified report is required, instead of clean report

**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 ICSI Auditing Standards, Guidance Notes, Manuals, Referencers and advisories issued by the Institute.

**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 ICSI Auditing Standards, Guidance Notes, Manuals, Referencers and advisories issued by the Institute
- No internal control systems prevail in the PU
- Current and permanent files were not maintained as per standards laid down
- Adequate training programmes were not organized for the staff

**31. What can be done if Reviewer wants to take the extracts of records or documents of the PU?**

Ans: Under no circumstances can the Reviewer 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, the Reviewer wants to take any document or record alongwith him/her, PU should be aware that reviewer is not permitted to do so and can refuse 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 7 days
- Reviewer submits the Final Report to the Board incorporating the findings with a copy to PU or issue that report (If he/she has not observed and deficiencies during Peer Review).

**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 formation, the validity shall be two years.

Further it is clarified that, to maintain uniformity the two years of incorporation shall be considered as complete two financial years preceding the year of review.

For example, if review of a practice unit is taking place during the year 2022-23, for granting validity of five years, the Practice Unit must have been registered on or before 31st March, 2020 otherwise the validity of the Peer Review Certificate would be two years.

**35. What would be the validity of the certificate in case of a sole proprietorship constituted within two years?**

**Ans.** The Peer Review Board has decided that the validity of the certificate issued to a Sole Proprietor even though constituted within two years, shall be five years subject to the condition that the Sole Proprietor (member) holds Certificate of Practice for more than two continuous 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 for renewal 6 months prior to the 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 Board so decides or upon expiry of the validity of the Certificate issued.



**39. Can I choose my Peer Reviewer?**

**Ans.** The Peer Review Board would send you a panel of at least five reviewers and you may choose any one name out of the panel sent to you. If you are unable to choose any one Reviewer from the panel, the Board shall send another Panel of five reviewers. If you do not choose any one name from the panel of five or 10 Peer Reviewers( as the case may be), you must request the Board to provide names of Reviewers from outside the State/Region from where you operate. Refer guidelines for other details.

**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 Board 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 Board.

**42. If I am not satisfied with the order of the Peer Review Board can I appeal to the Council?**

**Ans.** Yes. You may appeal against the Order of the Peer Review Board 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 construed as 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.** Yes.

**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 Reviewed Units as well as mandated that certain services can be rendered by the Peer Reviewed Units only.

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 to be done by Peer Reviewed Units only.

**46. Can Peer Review be done by proprietor / partner of the Practice Unit peer reviewed by the Reviewer?**

**Ans.** No.

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 partners of the Practice Unit as on last day of the year under review.

In case a new partner is inducted in the 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) belonging to a Peer Reviewed Unit resigns 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 21 days from the date of appointment 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.

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