

**Guidelines for Peer Review of Attestation and Audit Services**  
**by Company Secretaries in Practice<sup>1</sup>**  
**(As amended by the Council in its 287th (Special) Meeting**  
**held on 26-27 August, 2022 at New Delhi)**

## **1. Introduction**

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

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

The Council of the Institute (hereinafter called the ‘Council’), therefore, in its 202nd meeting held on 25th and 26th August, 2011 decided to introduce Peer Review for Practising Company Secretaries to periodically review the Practice Units and evaluate the quality, sufficiency of systems, procedures and practices, so that excellence in their performance can be maintained.

The Council has been constituted under the Company Secretaries Act, 1980 for discharging the functions assigned to the Institute under the Act. Section 15(1) of the Act provides that “The Institute shall function under the overall control, guidance and supervision of the Council and the duty of carrying out the provisions of the Act shall be vested in the Council”, and enumerates various other duties of the Council. With a view to regulate the profession of Company Secretaries and in terms of the powers vested, the Council is authorised to issue guidelines for Peer Review and also modify/ amend/ adopt new guidelines from time to time. These guidelines serve as a mechanism intended to further enhance the quality of professional services rendered by Practising Company Secretaries over a period of time, thereby ensuring that the profession of Company Secretaries continues to serve the society in the manner envisaged.

## **2. Objectives**

- 2.1 The main objective of Peer Review is to ensure that in carrying out their professional assignments; the Practice Units (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 the professional assignments undertaken by it.

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<sup>1</sup> Effective from 15<sup>th</sup> September, 2022

2.2 Peer Review is directed towards maintenance as well as enhancement of quality of Attestation and Audit Services and to provide guidance to members to improve their performance and adhere to various statutory and other regulatory requirements. Essentially, through a review of Attestation and Audit Services engagement records, Peer Review identifies the areas where a practicing member may require guidance in improving the quality of his/her performance and adherence to various requirements as per 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.

2.3 These guidelines provide a framework of the Peer Review process and the expectations from members in practice during the process of Peer Review.

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

3.1 Associate – Subject to the provisions of Part I of the First Schedule to the Company Secretaries Act, 1980 an “associate” includes any member holding Certificate of Practice and signing [in the style “Associate of ..... [Individual / Firm / LLP Name]”] on behalf of a Practice Unit with whom such member is in partnership or in employment.

3.2 Attestation and Audit Services in relation to the Peer Review, means the following services as per the law applicable as on date ‘or’ such other laws as may be in force –

- (i) Certification of Annual Return in Form MGT-8 under Section 92(2) of the Companies Act, 2013 and Rule 11(2) of the Companies (Management and Administration) Rules, 2014.
- (ii) Issuance of Secretarial Audit Report in terms of Section 204 of the Companies Act, 2013 [read with Rule 9 of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014
- (iii) Issuance of Secretarial Audit Report to material unlisted subsidiaries of listed entities (whose equity shares are listed) in terms of Regulation 24A of SEBI (LODR) Regulations, 2015.
- (iv) Issuance of Annual Secretarial Compliance Report to Listed entities (whose equity shares are listed) under SEBI Circular No. CIR/CFD/CMD1/27/2019 dated 8th February, 2019.
- (v) Certification under [Regulation 34(3) read with Clause 10(i) of Part C of Schedule V of the] 4 SEBI (Listing Obligations & Disclosure Requirements) Regulations, 2015, that none of the directors on the board of the company have been debarred or disqualified from being appointed or continuing as directors of companies by the Board/Ministry of Corporate Affairs or any such statutory authority
- (vi) Certification under Regulation 40(9) of SEBI [(Listing Obligations & Disclosure Requirements)] Regulations, 2015, certifying that all certificates have been issued within thirty days of the date of lodgment for transfer, sub-division, consolidation, renewal, exchange or endorsement of calls/allotment monies. (vii) Conduct of Internal Audit of Operations of the Depository Participants registered with [National Securities Depository Limited (NSDL) and Central Depository Services Limited (CDSL)] under the Bye Laws issued by NSDL and CDSL.

- (viii) Certification under Regulation 76 of SEBI (Depositories and Participants) Regulations, 2018 for Reconciliation of Share Capital Audit.
  - (ix) Acting as Compliance Auditor under third party certification/Audit Scheme(Amendment), 2016 in the State of Haryana.
  - (x) Diligence reporting for Banks in case of multiple banking/consortium lending arrangements in terms of the circular issued by RBI.
  - (xi) Conduct of Internal Audit of the stock brokers/sub brokers under SEBI Circular no.MIRSD/ DPSIII/ Cir-26/ 08 dated 22nd August, 2008 and MRD/DMS/Cir-29/2008 dated 21st October, 2008.
  - (xii) Issuance of Certificate in case of the Indian company accepting the investment from a foreign investor, thereby confirming compliance of Companies Act, 2013 and other matters (As per Para 9 (1) (B) (i) of Schedule 1 to Notification No. FEMA 20/2000-RB dated 3rd May 2000).
  - (xiii) Compliance Certificate regarding compliance of conditions of Corporate Governance as prescribed under [Regulation 34(3), Schedule V, Part E of] 8 the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015.
  - (xiv) Signing of Annual Return in Form MGT-7 [through digital signature certificates (DSC)] 11 under Section 92(1) of the Companies Act, 2013 and Rule 11(1) of the Companies (Management and Administration) Rules, 2014.
  - (xv) Due Diligence Report under Regulation 10 (3) of the SEBI (Delisting of Equity Shares) Regulations, 2021.
  - (xvi) Certificate relating to shares held by inactive shareholders under Regulation 21(a) (iii) of the SEBI (Delisting of Equity Shares) Regulations, 2021.
  - (xvii) Compliance Certificate under Regulation 10(b), 13, 26, 27, 36 of SEBI (Share Based Employee Benefits and Sweat Equity) Regulations, 2021.
  - (xviii) Scrutiniser's report pursuant to Section 108 of the Companies Act, 2013 read with Rule 20(4)(ix) and Rule 20(4)(xii) of Companies (Management and Administration) Rules, 2014.
  - (xix) All other Reports, Returns and Certificates in respect of which generation of UDIN is mandatory in terms of the ICSI Unique Document Identification Number (UDIN) Guidelines, 2019.
- 3.3 Concurrent Records – means the records relating to the professional assignments, such as correspondence of the Practice Unit with its clients, query letters, information sought from clients, engagement letters, forms uploaded on regulators' database, details of Board and General meetings, copies of paid challans and intimation to prior incumbent (wherever applicable) in terms of clause 8 of Part I of Schedule I to the Company Secretaries Act, 1980.
- 3.4 Engagement Records – means the permanent records and concurrent records relating to the professional assignments and the letters of engagement (as specified in the ICSI Auditing Standards) issued to the Practice Units.

- 3.5 Firm – means a sole proprietor, partnership, Limited Liability Partnership (LLP) or any other entity of professional Company Secretaries as may be permitted by law and constituted under The Company Secretaries Act, 1980 & Regulations made thereunder.
- 3.6 Member - means a member of the Institute of Company Secretaries of India in terms of the Company Secretaries Act, 1980.
- 3.7 Partner – includes any individual holding Certificate of Practice, with authority to bind the firm with respect to the performance of a professional services assignment.
- 3.8 Practice Unit – means members in practice practicing individually in own name, or as a sole proprietorship, partnership, Limited Liability Partnership (LLP) or any other entity of professional Company Secretaries registered with the Institute and bearing a Unique Identification Number.
- 3.9 Peer Review – Means an examination and review of the systems, procedures and practices to determine whether they have been put in place by the Practice Unit for ensuring the quality of Attestation and Audit Services as envisaged and implied/ mandated by 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 whether these were effective or not during the period under review.
- 3.10 Peer Review Committee – means Committee / Board established by the Council in terms of these Guidelines to carry out the purposes of these Guidelines. The expression “Peer Review Committee” is hereinafter referred to as “Committee / PRC / Board / PRB”.
- 3.11 Permanent Records – include KYC, master data on Ministry of Corporate Affairs website, signatory details, details of CIN, DIN, authorised and paid up capital, information available on regulators’ database, etc.
- 3.11A 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.
- Provided that the details of the Qualified Assistant are furnished by the Peer Reviewer to the Peer Review Committee and the Practice Unit before accepting the peer review assignment.
- 3.12 Regulator – means Government or any regulatory body constituted by the Parliament or State Legislature who is/are empowered to regulate the Acts, which include various attestation and audit services which the Council may, from time to time, prescribe to cover as attestation and audit services for the purpose of peer review.
- 3.13 Reviewer or Peer Reviewer – means any member engaged, to carry out Peer Review, from the panel of Peer Reviewers as maintained by the Committee.
- 3.14 Deleted
- 3.15 Deleted

3.16 Words and expressions used and not defined in these guidelines shall have the meanings assigned to them under the Company Secretaries Act, 1980 and the Company Secretaries Regulations, 1982 framed thereunder and as amended from time to time or in case of absence under the Companies Act, 2013 or any other law for the time being in force.

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

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

- a. Whenever Peer Review is mandated on the Instructions of Government / Regulators / Statutory Bodies
- b. Whenever Peer Review is requested voluntarily by the Practice Unit
- c. Whenever Peer Review is conducted on the basis of random selection
- d. Upon the recommendation of the Committee of Discipline / Disciplinary Committee of ICSI / Quality Review Board / Council of ICSI

4.2 The Guidelines on Peer Review are issued in relation to the Peer Review of Attestation and Audit Services, so as:

- to prescribe and propagate an appropriate mechanism for ensuring the quality of professional assignments and guide the members to conduct themselves in a manner that the Council considers appropriate;
- to provide guidance in relation to the powers and obligations with respect to the parties involved in Peer Review;
- to prescribe the scope of Peer Review and the procedures to be adopted during the conduct of Peer Review; and
- to establish the expected conduct of members during Peer Review.

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

The powers of the Council shall include –

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

#### **6. Peer Review Committee**

##### **6.1 Constitution and Appointment**

- (1) The Committee shall be constituted by the Council.

- (2) 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.
- (3) The balance members of the Committee shall be drawn from amongst members of high integrity and reputation, including but not limited to, former public officials, regulatory authorities etc.
- (4) The Council shall appoint the Chairperson and the Vice- Chairperson from amongst the Members of the Council.
- (5) At least one-half of Council Members on the Committee shall hold Certificate of Practice.
- (6) Deleted
- (7) Any vacancy(ies) on the Committee shall be filled in by the Council.
- (8) Members of the Disciplinary Committee or Committee of Discipline of the Institute of Company Secretaries of India shall not concurrently serve on the Committee.

## **6.2 Meetings**

- (1) No business shall be transacted at a meeting of the Committee unless there are present at least three members, including the Chairperson or, in his absence, the Vice-Chairperson.
- (2) If there is no quorum within half an hour of the time fixed for the meeting, the meeting shall stand adjourned to a date, time and place fixed by the Chairperson or, in his absence, the Vice-Chairperson.
- (3) The Committee shall have a minimum number of four meetings every year in such a manner that not more than one hundred and twenty days shall intervene between two consecutive meetings of the Committee.
- (4) Members may attend the meeting through Video Conferencing or any other audio visual means provided the member intimates his/her intention of attending the meeting through Video Conferencing to the Secretariat preferably not less than 48 hours before the scheduled time for the meeting.

## **6.3 Reporting**

The Minutes of the Meetings of the Committee shall be circulated amongst the members of the Council for noting.

## **7. Scope of Peer Review**

7.1 The Peer Review process is directed to the Attestation and Audit Services of Practice Units.

- (1) Once a Practice Unit is selected for review, its engagement records pertaining to the immediately preceding financial year shall be subject to review.
- (2) The Review shall focus on:
  - (i) Compliance with 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;
  - (ii) Quality of Reporting;

- (iii) Office systems and procedures; and
- (iv) Training Programs for staff (including trainees), including appropriate infrastructure.

## **8. Powers 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.

8.1 The duty of carrying out the provisions of these guidelines shall be vested in the Committee.

8.2 In particular, and without prejudice to the generality of the foregoing powers, the duties of the Committee shall include:

- (1) To call for information from Practice Units in such form, as it deems fit.
- (2) To maintain a panel of Peer Reviewers.
- (3) To define the terms of appointment of the Reviewers.
- (4) To send a Panel of at least 5 (five) Peer Reviewers (from the panel maintained in terms of these Guidelines) to the Practice Unit and allow the Practice Unit to choose any one Reviewer from the panel so forwarded and if the Practice Unit is unable to choose any one Reviewer from the panel so sent, to send another Panel of 5 Peer Reviewers.

Provided that if the PU does not choose any one name from the panel of 5 or 10 Peer Reviewers (as the case may be), then the Practice Unit may make a specific request to the Committee to provide names of Reviewers from outside the State / Region where the Practice Unit has its place of business, in which case the PU shall, in addition to the payment of fees to the Reviewer, bear extra costs that would be incurred for travelling, stay and other expenses.

Provided further that, in case no peer reviewers are available in the city or in close proximity to the PU, the PU may choose any reviewer from out of the panel maintained by the Committee, in which case the PU shall be liable to pay the travelling, stay and other expenses to the Peer Reviewer in addition to the Peer Review fee.

- (5) To examine the aspects of basis of selection of records pertaining to the Attestation and Audit Services in terms of 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.
- (6) To arrange for such training programs for Reviewers and orientation programmes for practice unit(s) as may be deemed appropriate;
- (7) To prescribe the system, practice and procedure to be observed while conducting Peer Review and reporting thereon; and
- (8) On considering the Report of a Reviewer, to do any or all of the following:
  - (a) To issue recommendations to the Practice Unit;
  - (b) To order further Peer Review to be carried out;

- (9) After considering the report of the Reviewer and compliance of recommendations by the Practice Unit, wherever deemed appropriate by the Committee, to issue Peer Review Certificate, either in physical or digital mode.
  - (10) To guide the members on best practices on Peer Review including issuance of advisories to the Peer Reviewer and the Practice Unit.
  - (11) Such other action(s) as may be necessary for the fulfilment of these Guidelines.
- 8.3 Where deemed appropriate, the Committee shall have the powers to make recommendations to the Council on:
- (i) Measures for improvement of quality of professional services by members.
  - (ii) Guidance to be provided to the members for further improvement in quality of Attestation and Audit Services.
- 8.4 The Committee may perform any other duties or acts as may be incidental to, or, which it considers necessary or expedient for the performance of its functions or exercise of its powers as delegated to it by the Council, including the formation of sub-committees and regional councils of the Committee for specific tasks.

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

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

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

- 10.1 The nature and complexity of Peer Review require the exercise of professional judgement. Accordingly, an individual to be empanelled as Peer Reviewer shall:-
- 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;
  - d) 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 certificate programme, but shall complete the said online certification programme successfully to undertake peer review assignments after 31<sup>st</sup> March, 2026.

10.2 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 Committee 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;

10.3 The Committee may examine the quality of the report and shall have powers to remove the Reviewer from the panel of Peer Reviewers, in case the quality of the review/report fails to match the desired standards.

10.4 Sitting members on the Council / Regional Council / Chapter Management Committee, and the members of the Peer Review Committee of the ICSI shall not act as Peer Reviewers till they demit their office.

### **10A. Validity of Reviewers Empanelment**

The validity of the Peer Review Empanelment shall be five years from the date of empanelment, post which the Reviewers shall have to again undergo the Training Programme for Peer Reviewers and qualify the Certification Programme offered by the Institute.

## **11. Practice Units Subject to Review**

11.1 Peer Review shall be conducted as per the criteria mentioned in the para 4.1 of the Guidelines or in the situations mentioned in 11.2 and 11.3 given below.

11.2 If Client of the Practice Unit requests the Committee for the conduct of Peer Review of the concerned Practice Unit, the Committee shall take due cognizance of such request and in that case the cost of the Peer Review shall be borne by such client.

11.3 If Council / Government or any regulatory body requests the Committee for conduct of Peer Review of any Practice Unit, the Committee shall take due cognizance of such request and in that case the cost of Peer Review shall be borne by the concerned Practice Unit.

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

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

12.1 Access to records or documents:

- (1) Any person to whom this clause applies and who is reasonably believed by a Reviewer to have in his/her possession or under his/her control any record or other document, which contains or is likely to contain information relevant to the Peer Review shall:
  - (i) Produce to the Reviewer or allow him/her 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/her possession or under his/her control/ being in either case a record or other document, which the Reviewer reasonably believes is or may be relevant to the Peer Review, within such time as the Reviewer may reasonably require;

- (ii) If so required by the Reviewer, allow and provide him such explanation or further particulars in respect of anything produced in compliance with the requirements under sub clause (i) above, as the Reviewer shall specify; and
  - (iii) Provide to the Reviewer all assistance in connection with Peer Review which he/she 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 of it in a legible form, with a suitable translation in English if the matter is in any other language and such translation is requested for by the Reviewer.
  - (3) In case the Practice Unit has more than one office, the Practice Unit shall ensure that the Reviewer is given access to all documents relevant to his review no matter in which office of the Practice Unit, these documents may be available in.
  - (4) A Practice Unit shall allow the Reviewer to inspect, examine or take any abstract of or extract from engagement record or copy therefrom which may be required by the Reviewer. However, in order to ensure the confidentiality of the contents of the clients' file with the PU, the Reviewer shall, under no circumstances seek names of the clients or make copies or extracts of any document from the clients' files received by him, or of any client records acquired by him while conducting peer review, as part of his working papers.

12.2 For the purpose of this clause a person means an individual / Sole Proprietor / Partner of a partnership firm / designated partner of a LLP to which the particular review relates or any person employed by or whose services are engaged by such unit.

### **13. Validity of Peer Review Certificate**

The validity of the Peer Review Certificate shall be five years from the date of issue.

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

Further, in case the PU is reviewed within two years of its formation, the validity of the Peer Review Certificate shall be for two years.

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

14.1 The cost of Peer Review, payable to the Reviewer, shall be borne by the Practice Unit. Each of the branch / office under review would be considered separately for the purpose of payment of cost of Peer Review.

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

14.3 The Committee may modify the cost of Peer Review payable to the Reviewer from time to time.

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

- 15.1 To ensure that the objective of Peer Review is attained in letter and spirit, adequate training facilities (either offline or online or both) shall be provided, from time to time, to the Reviewers and also to other persons who assist the Committee in the manner considered appropriate by the Committee. Reviewer shall be expected to be fully familiar with all procedures, 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, guidelines and other decisions as may be issued by the Committee from time to time.

## **16. Review Framework**

- 16.1 Essentially, a Peer Review entails a review of engagement records and related documents to ascertain that the Practice Unit is adhering to 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. In certain situations, where a Practice Unit is not following 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, suggestions and recommendations for improvement should be given, which shall possibly be followed by a further review, keeping in view with the primary thrust of Peer Review.
- 16.2 The methodological approach involved in Peer Review can be defined in terms of three stages viz., planning, execution and reporting, which are summarized below:

### **16.2.1 Planning**

*Notification* - A Practice Unit will be notified in writing about an impending Peer Review and will be sent a Questionnaire for completion.

*Return of completed Questionnaire* - The Practice Unit shall have to complete and return the Questionnaire to the Secretariat within 7 (seven) days of receipt. The information will be used for the planning of the review.

Sample of Attestation and Audit Services Engagements:-

- (a) From the complete list of Attestation and Audit Services, an initial sample will be selected by the Reviewer. The Peer Reviewer shall choose not less than 10% of the actual attestation assignments undertaken by the PU under each category or five assignments under each category, whichever is more. In case the sample size is smaller than this, the reasons therefor shall be specifically stated in the Peer Review Report.
- (b) Practice Units will be notified of the selection in writing preferably 2 (two) weeks in advance, requesting the relevant records of the selected Attestation and Audit Services, to be made available for review.
- (c) At the execution stage, the initial sample may be reduced to a smaller actual sample for review. However, if the reviewer considers that the actual sample does not cover a fair cross-section of the Practice Unit's Attestation and Audit Services engagements, he/she may make further selections.

### **16.2.2 Execution**

*Initial meeting*

An initial meeting may be held between the Reviewer and the Practice Unit concerned to conduct the review. The primary purpose of this meeting is to confirm the accuracy of the responses given in the Questionnaire. The Questionnaire may not fully explain all the relevant procedures and policies adopted/ followed by the Practice Unit and this initial meeting can provide additional information. The Reviewer should gather a full understanding of the system, and be able to form a preliminary opinion/evaluation of its adequacy at the conclusion of the meeting.

#### *Confirmation of visit*

In consultation with the Practice Unit, date(s) will be set for the on-site review to be carried out. In fixing the date for on-site review, the Reviewer shall ensure that the PU is not inconvenienced by conducting the peer review during busy periods. The on-site review date(s) will be decided by mutual consent such that the review is concluded within 21 (twenty one) days of the date of intimation of appointment of Reviewer or within such other time as requested by the Reviewer and as may be approved by Peer Review Committee.

Peer Review visits will be conducted at the Practice Unit's head office or any other office/branch for which Peer Review has been initiated. The complete on-site review of a practice unit may take at least a full day depending upon the size of the Practice Unit. This is based on the assumption that the Practice Unit concerned has made all the necessary information and documentation available to the Reviewer for review. However, in any case this on-site review should not extend beyond 3 (three) working days.

#### *Compliance Review-General Controls*

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

- Independence;
- Professional skills and standards;
- Outside consultation;
- Staff supervision and development;
- Office administration including maintenance of registers and records.

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

- (b) In each key control area there shall be supplementary questions and matters to be considered. These are intended to ensure that the kind of controls that are expected to be maintained, are installed and operated by the Practice Units.
- (c) All questions in the Questionnaire may not necessarily be relevant to particular types of Practice Units because of the size, location, culture etc. However, Practice Units should still assess their internal control systems to ensure that they address the objectives under the five key control areas.

#### *Selection of Attestation and Audit Services engagements to be reviewed*

(a) The number of Attestation and Audit Services engagements to be reviewed depends upon:

- The number of practicing members involved in Attestation and Audit Services engagements in the Practice Unit;
  - The degree of reliance placed, if any, on general quality controls; and
  - The total number of Attestation and Audit Services engagements undertaken by the Practice Units for the period under review.
- (b) The engagements reviewed should be a balanced sample from a variety of different types of companies. Accordingly, if the Reviewer considers that the actual sample is not representative of the Practice Unit's Attestation and Audit Services client portfolio, he may make further selections from the initial sample or from the complete Attestation and Audit Services list.

#### *Review of records*

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

#### *(a) Compliance approach*

- The compliance approach is to assess whether proper control procedures have been established by the Practice Unit, to ensure that Attestation and Audit Services are being performed in accordance with 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.
- Practice units should have procedures and documentation sufficient to cover each of the key areas. PUs should tailor their documentation to suit their particular circumstances with justification for doing so provided to the reviewer.

#### *(b) Substantive approach*

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

### **16.2.3 Reporting**

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

- At the end of an on-site review, in case any deficiency / non-compliance is noticed in the systems and procedures of the Practice Unit in rendering professional services to the client, the reviewer shall, before making his report to the Committee, communicate a preliminary report to the Practice Unit. The Reviewer shall report on the areas where systems and procedures had been found to be deficient or where non-compliance with reference to any other matter was noticed.
- The Practice Unit shall make submissions or representations, in writing to the Reviewer, concerning the preliminary report within 7 (seven) days from the date of receipt of preliminary report from the Reviewer.

*(ii) Final Report of Reviewer*

(a) The Reviewer will submit a Final Report to the Committee with a copy to the Practice Unit (the Reviewer's Report), incorporating the findings. The Final Report will be examined/inspected by the Committee in terms of the degree of compliance 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 by the reviewed Practice Unit. The model forms of such Final Reports shall be communicated to the Reviewer by the Committee.

(b) The Committee may, if deems fit, issue Peer Review Certificate to the Practice Unit.

OR

(c) The Committee, having regard to the Report and any submissions or representations attached to it, may:

make recommendations to the Practice Unit concerned regarding the application by it of 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;

if it is of the opinion that:

(1) In case the review is related to a firm, any one or more or all of the partners in the firm may have failed to observe, maintain or apply, as the case may be, 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;

(2) In case the review is related to a member practicing on his own account, the member may have failed to observe, maintain or apply, as the case may be, 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; then, the Committee may;

Issue instructions to the Reviewer to carry out, within such period as may be specified in the instructions (which period shall not commence earlier than six months after the date on which the instruction is issued), a further Peer Review as regards the Practice Unit to which the report relates; and

Specify in the instruction, the matters as regards to which the review is to be carried out;

(d) The Committee will make recommendations to the Practice Unit where:

(i) based on the report of the Reviewer, it appears that the Practice Unit has satisfied all key control objectives, which the Committee has determined and/or prescribed in respect of maintenance of/ adherence to Technical Standards but where further improvements could be made to internal quality control systems; and

(ii) based on the report of the reviewer, it appears that the Practice Unit has satisfied the major key control objectives but some weaknesses exist in other areas.

The Practice Unit is expected to consider the recommendations for rectifying the weaknesses thus identified and informed by the Committee and take all necessary actions to ensure that all key control areas are addressed.

- (e) A follow up review will be required where the Practice Unit has not satisfied the Committee that all the key control objectives have been maintained and where, in the opinion of the Committee the deficiencies are likely to materially affect the overall quality of engagements of the Practice Unit. In such cases the Committee will also make recommendations, which it expects the practice unit to implement in order to ensure the maintenance of professional standards. The implementation of these recommendations will be examined during the follow up review. The PU shall pay fees to the Reviewer for the follow-up review.

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

- 17.1 Where a dispute arises over the powers of Reviewers or the process or conclusions reached after the review or to any other matter related to the review, the Practice Unit, the Reviewer or both may refer the dispute, in writing, to the Committee. Such referral shall have to be made within 2 (two) months of occurrence of the issue in dispute, in such manner as may be prescribed by the Committee in this regard.
- 17.2 Where a dispute is referred, after considering any submissions or representations (which shall be made in writing) made by the relevant Practice Unit and/or the relevant Reviewer, the Committee:
  - shall decide the dispute within 6 (six) months of the reference and communicate such decision to each of the parties to the dispute, simultaneously;
  - may issue directions relating to the matter in dispute to such Practice Unit or the Reviewer concerned and require such Unit or Reviewer to comply with them within 30 (thirty) days and send a report to the Committee of the said compliance within 15 (fifteen) days of such compliance;
  - shall convey its decision in these regards to each of the parties within 15 days from the date of the decision.
- 17.3 Where either of the parties are dissatisfied with the decision of the Committee, it may refer the matter to the Council within 2 (two) months in such manner as may be prescribed.

## **18. Immunity**

- 18.1 A Practice Unit, which makes available records or documents to Reviewer(s), shall not incur any liability under the Code of Conduct under the Company Secretaries Act, 1980 and the Regulations framed thereunder, by reason of compliance with these Guidelines on Peer Review.
- 18.2 The Reviewer, by virtue of carrying out the Peer Review shall not incur any liability other than the liability arising out of his/her own conduct under the Code of Conduct under the Company Secretaries Act, 1980 and Regulations framed thereunder as well as under the relevant clauses of these Guidelines.

18.3 The members of the Peer Review Committee shall not incur any liability by virtue of their having discharged the responsibilities as given in these Guidelines and/or as may in future be specified by the Council, other than the liability arising out of their own conduct under the Code of Conduct under the Company Secretaries Act, 1980 and Regulations framed thereunder as well as under the relevant clauses of these Guidelines.

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## **19. Confidentiality**

19.1 Strict confidentiality provisions shall apply to all those involved in the Peer Review process, namely, Reviewers, Qualified Assistants, members of the Committee, the Council, or any person who assists any of these parties.

19.2 Those persons subject to the secrecy provision:

- (1) shall at all times after their appointment preserve and aid- in preserving secrecy with regard to any matter coming to their knowledge in the performance or in assisting in the performance of any function, directly or indirectly related to the process and conduct of Peer Review.
- (2) shall not at any time communicate any such matter to any other person; and
- (3) shall not at any time permit any other person to have any access to any record, document or any other material, if any, which is in their possession or under their control by virtue of their being or having been so appointed or their having performed or having assisted any other person in the performance of such a function.

19.3 Non-compliance with the secrecy provisions in the above clause shall amount to professional misconduct as defined under Section 22 of the Company Secretaries Act, 1980.

19.4 A statement of confidentiality (appended as *Annexure*) shall be filled in by the person(s) who are responsible for the conduct of Peer Review i.e., Reviewers/ the members of the Committee and others who assist them.

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## **20. Procedural Departures**

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

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## **21. Budget and Finance**

21.1 The Council shall approve the Annual Budget of the Committee.

21.2 The Committee shall have the autonomy to administer its budget after the approval as above. For this purpose, the Secretary to the Committee shall be the authorized officer.



## **22. Secretariat**

- 22.1 The Council shall cause to be set up an appropriate and independent Secretariat to assist the Committee in the discharge of its functions.
- 22.2 All persons working in the Secretariat shall be subject to the same norms of confidentiality as the Committee Members and Reviewer(s).
- 22.3 Appropriate arrangements for training of personnel of the Secretariat shall be made from time to time.

**Annexure**

**Statement of Confidentiality**

[In accordance with the Guidelines for Peer Review of Attestation and Audit Services by Company Secretaries in Practice, this statement of confidentiality is to be filled in by the persons who are responsible for the conduct of Peer Review i.e., Reviewers, Qualified Assistant(s), members of the Committee and others who assist them, individually. The Reviewer shall be responsible for taking this undertaking from the Qualified Assistant(s) who assist him or are likely to assist him in conducting Peer Reviews, and shall send the same to the Committee. This statement of Confidentiality should be filed by the Reviewer with the Peer Review Committee whenever a new Peer Review assignment is undertaken.]

To  
The Chairperson  
Peer Review Committee  
The Institute of Company Secretaries of India  
Sir/Madam,

With reference to you email bearing no..... dated ..... regarding Peer Review of CS ..... M/s. ...., I hereby give my consent to undertake the assignment. I shall adhere to the timelines prescribed by the Peer Review Committee and submit the final Peer Review Report.

I hereby declare that my attention has been drawn to the need for confidentiality in the conduct of Peer 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, I will ensure that on my part

- Working papers shall always be kept securely by me and the same will be provided only to the Peer Review Committee as and when asked for.
- The Practice Unit’s Attestation and Audit Services procedures shall not be disclosed to third parties.
- Any information with regard to any matter coming to my knowledge in the performance or in assisting in the performance of any function during the conduct of Peer Reviews shall not be disclosed to any person.

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

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

Signature:	(For office use only)
Name:	Taken on record on (date)
Date:	By
Place:	Signature:
	Name:
	Designation:

*Encl.* Statement of Confidentiality of the Qualified Assistant (where applicable)

### Other Guidelines with respect to Peer Review

Guidelines	Issued at
Limits for the issue of Secretarial Audit Reports: <input type="checkbox"/> 10 Secretarial Audits per partner/ PCS, and <input type="checkbox"/> <b>an additional limit of 5 secretarial audits per partner/PCS in case the unit is peer reviewed.</b> (For Secretarial Audit Reports issued for FY 2016-17 onwards)	235 <sup>th</sup> meeting of the Council held on 11 <sup>th</sup> February, 2016
Number of Annual Secretarial Compliance Reports to be issued by PCS: <input type="checkbox"/> 5 (five) reports individually / per partner in each financial year <input type="checkbox"/> <b>an additional limit of 5 (five) ASCR individually/ per partner in case the unit has been Peer Reviewed.</b> (w.e.f. 1 <sup>st</sup> April, 2020)	260 <sup>th</sup> meeting of the Council held on 4-5 May, 2019

### Mandatory Peer Review for Certifications and Audit Services

The Council has issued Guidelines for mandatory Peer Review for Certification and Audit services as under:

Services	Applicability	Effective date (w.e.f.)
<input type="checkbox"/> Secretarial Audit Report / Annual Secretarial Compliance Report under SEBI (LODR) Regulations, 2015 <input type="checkbox"/> Certification of Annual Return in terms of Section 92(2) of the Companies Act, 2013 <input type="checkbox"/> Compliance Certificate under Schedule V, Clause E of SEBI (LODR) Regulations, 2015	Top 100 companies as per market capitalization as on 31st March, 2020	April 1, 2020

Further the Council has decided that the PCS shall mandatorily mention the Peer Review Certificate number while signing / certifying the above, in the following format:

Date ..... Place .....	For XYZ & Associates Company Secretaries Name ..... FCS ..... CP ..... PR 123/2018
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