

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 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 Power of the Peer Review Board?

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 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 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 practice areas covered under the scope of 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
- 3) Secretarial Audit Reports issued Section 204 of the Companies Act, 2013 / Regulation 24A of SEBI (Listing Obligations and Disclosure Requirements) 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/HO/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

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; and
- Notifications/Directions issued by the Council of Institute of Company Secretaries of India

11. What are the advantages of the Peer Review to the Practice Unit (PU)?

Ans. It is expected to

- A) enhance the quality of Attestation and Audit Services.
- B) enhance credibility and provide competitive advantage.
- C) provide a forum for Guidance and knowledge sharing.

Apart from this, a Peer Reviewed Unit is entitled to get additional of 5 Secretarial Audits / Annual Secretarial Compliance Reports, per partner / PCS.

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 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 me to get Peer Reviewed?

Ans. You shall pay to the Peer Reviewer, a fee of Rs. 10,000/- (inclusive of GST, TA/DA and any out of pocket expenses) or an amount as may be prescribed by the Peer Review Board from time to time. 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.

14. To whom shall 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. If I have been Peer Reviewed can I disclose this on my website?

Ans. Only 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. Any member of the Institute who fulfills the following criterion may apply to be empanelled as a Peer Reviewer-

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

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 ensures 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
- Reviewer feels that he cannot act independently in that Firm/or with Reviewee due to past connections or so.

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 Board 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 me 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.

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 while 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. Do I need to disclose the records of my clients to the reviewers or the Reviewer is allowed to visit the client(s)?

Ans. No, you 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 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 Board incorporating the findings with a copy to PU.
- The Board 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 then 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 year of its incorporation, the validity shall be two years.

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

Ans. Yes

36. I have been Peer Reviewed once, will I be Peer Reviewed again?

Ans. Yes, if the Peer Review Board so decides or upon expiring validity of the Certificate issued.

37. Can I choose my Peer Reviewer?

Ans. The Peer Review Board would send you a panel of atleast three reviewers and you may choose any one name out of the panel sent to you.

38.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.

39.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.

40.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.

41.Can I refuse to get myself Peer Reviewed?

Ans. No. Any refusal to get Peer Reviewed shall be misconduct under the Code of Conduct.
