AUDITORS’ REVIEWERS

Financial Reporting Review Board

National Financial Reporting Authority

Peer Review Board

Quality Review Board
Meaning

• “Peer” means a person of similar standing.

• “Review” means a general survey or assessment of a subject or thing.

• “Peer Review” would mean review of work done by a professional, by another professional of similar standing.
NEED

- Expectation of service receivers to receive quality services.
- Gap between minimum quality of service and actual service rendered.
- Failure of few service providers.
- Restoration of public confidence.
- ICAI requirement
- SEBI circular no CIR/CFD/DIL/1/2010 dated 5.4.2010
CAG

• CAG is now seeking details of CA firms for allotment of audit for PSUs

• Since last few years, CAG annually seeks details from ICAI who have been issued Peer Review Certificate by the Board
Disciplinary Action

• Initially there was a Chinese Wall between Peer Review process and Disciplinary Mechanism (No disciplinary action even if there is deficiency in service of Auditor)

• Amendment in August 2011 – clause 8.4

• To be applicable for Reviews initiated or ordered after 1\textsuperscript{st} April 2014
Disciplinary Action

- If report of reviewer continues to be adverse then deficiencies shall be referred to a sub group of the Board.
- The sub-group shall consider the nature and materiality of the deficiencies contained in the review and give its finding in 30 days.
- If the Board is of the opinion that findings contains material deficiencies, then shall refer to Council for initiating disciplinary action.
GLOBAL SCENARIO

• Started 1930 in France.
• Existence in most of the developed Countries.
• Independent Regulator.
• Disciplinary action if deficiency in services of Auditor is found.
• Separate standard on Peer Review.
PEER REVIEW IN INDIA

• Supervisor within Institute of Chartered Accountants of India
• Audit of accounts after 1st April’ 2002 only covered
• Peer Reviewers are Individual Members of the Institute.
MEANING AS PER ICAI

PR means an examination and review of the systems and procedures to determine:

— whether systems & procedures have been put in place by the practice unit for ensuring the quality of assurance service

— as envisaged by the Technical Standards and

— whether the same were consistently applied in period under review.
SCOPE

• Includes:
  • Auditing or verification of financial transactions/ books/ accounts/ records
  • Verification/ certification of financial accounting & related statements
  • Internal Audit/Concurrent Audit

• Excludes:
  • Management Consulting Engagements,
  • Representing a client before the Authorities,
  • Engagements to prepare tax returns
  • Advising clients in taxation matters,
  • Engagements for the compilation of FSs, or information other than financial statements
  • Testifying as expert witness,
  • Providing expert opinions,
  • Engagement of Due Diligence
OBJECTIVE

- Compliance with the Technical, Professional and Ethical standards
- Quality of Reporting
- Proper systems & Procedures for carrying out assurance services
- Training of Staff including availability of appropriate infrastructure
- Compliance with directions and / or guidelines issued by ICAI, including fees to be charged, no. of audits, register for assurance engagements conducted, etc.
- Compliance with directions and / or guidelines issued by ICAI relating to article/audit assistants, including attendance register, work diaries, stipend payments, etc.
OBJECTIVE

• To ensure that in carrying out the assurance service assignments, the members of the Institute comply with Technical, Professional and Ethical Standards including other regulatory requirements thereto, and

• To ensure that such a member has in place proper system (including documentation system) to amply demonstrate the quality of assurance services.

• Peer review does not seek to redefine the scope and authority of any of the Technical, Professional and Ethical Standards but only seeks to ensure that they are implemented both in letter and spirit.
REVIEWER

- Member of ICAI having 10 yr. experience of in practice and currently should be in practice
- Training session
- Furnish declaration and declaration of confidentiality
- Should have conducted audits of Level I entities for at least 7 years in order to be eligible to conduct peer reviews of Level I entities
- There should be no disciplinary action / proceedings pending against him
REVIEWER

- He should not have been found guilty by the Council or the Disciplinary Board or Committee at any time.

- He should not have been convicted by a Competent Court whether within or outside India, of an offence involving moral turpitude and punishable with transportation or imprisonment.

- There should not be any Obligation or conflict of interest in the Practice Unit or its Partners / Personnel.

- He shall not accept any professional assignment from the Practice Unit for a period two years from the date of appointment.
<table>
<thead>
<tr>
<th>Level</th>
<th>Covered</th>
<th>Periodicity</th>
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| I    | **Central Statutory Audit of Banks, & Public FIs, PSU & Central Cooperative Societies, Insurance Companies;**  
|      | Statutory Audit of asset management cos. or mutual funds;  
|      | Statutory Audit of Listed entities in India or abroad  
|      | Statutory Audit of Entities which have raised funds from public or banks or FIs or who has raised donations > Rs. 50 Cr.  
|      | Statutory Audit of entities having Net Worth of >Rs. 500 Cr;  
|      | Statutory Audit of entities which have been funded by CG / SG schemes of over Rs. 50 Cr. during the period under Review. | In 3 Yrs    |
| II   | Statutory / Internal / Concurrent / Systems / Tax audit and / or Departmental Review of Branches / Offices of Banks; Insurance Companies; Co-operative Banks; Regional Rural Banks; NBFCs  
|      | Statutory Audit of entities having Net Worth of over Rs. 5 Cr. or an annual turnover of >Rs. 50 Cr. Dur. period under Review. | In 4 Yrs    |
| III  | Other than I and II above                                                                                                                                                                            | In 5 Yrs    |
TECHNICAL, PROFESSIONAL & ETHICAL STANDARDS

- Accounting Standards issued by ICAI;
- Accounting Standards issued under Companies (AS) Rules, 2006;
- Standards on Quality Control issued by ICAI;
- Engagement Standards issued by ICAI i.e.,
  - Standards on Auditing;
  - Standards on Review Engagements;
  - Standards on Assurance Engagements; and
  - Standards on Related Services;
- Standards on Internal Audit
- Framework for Assurance Engagements;
TECHNICAL, PROFESSIONAL & ETHICAL STANDARDS

• Preface on Standards on Quality Control, Audit and Assurance and Related Services;

• Framework for the preparation and presentation of financial statement;

• Framework of statements on standard auditing practices and guidance notes on related services;

• Statements and Guidance Notes issued by ICAI;

• Notifications/Directions including those of self-regulatory nature; and

• Various relevant statutes and/or regulations which are applicable in the context of the specific engagements being reviewed.
OBLIGATION OF PU

- Provide access to any record or document.
  - Only cold file review
  - No hot Review
  - Records of all offices
- Provide information in legible form.
- Provide explanations and particulars with reference to any records or documents specified by reviewer.
- Provide assistance.
- Allow the Reviewer to inspect, examine and/or take any abstract of or extract from PU’s documents under review.
- However, the Reviewer shall not make any copies or extracts of any document from the client’s files reviewed by him to ensure confidentiality of the contents of the client’s file.
THE QUESTIONNAIRE
THE QUESTIONNAIRE

• Part A – Profile of PU 1-16
• Part B – General Control 17-22
• Earlier in four parts A to D - 66 points only two but 68 Qs
THE QUESTIONNAIRE – PART A

• Change in constitution, if any during the period under review

• Gross Receipts from assurance functions

• Name of group / client from whom more than 10% fee received of his total fee

• Client List
  • Category wise-audit type, turnover, paid up capital
  • Client code no. rather than name can be given
  • Register of Clients to contain codes

• Unresolved disciplinary proceedings
## THE QUESTIONNAIRE – PART B

### General Control (based on SQC 1)

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<th>P. No.</th>
<th>About</th>
<th>Qs</th>
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<td>17</td>
<td>Leadership responsibility for quality within a firm</td>
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<tr>
<td>18</td>
<td>Ethical Requirement (including independence)</td>
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<td>Acceptance and continuance of client relationship &amp; Specific Engagements</td>
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Leadership responsibility for quality within a firm

• What are policies & procedures established by PU to promote a culture of Quality in performing assurance engagements & how does PU’s CEO or managing partner assume ultimate responsibility for PU’s system of quality control?

• How does PU ensure that commercial considerations do not override the quality of work performed?

• To whom has responsibility for developing, implementing and operating the PU's QC system been assigned? Describe how this authorised person has sufficient appropriate experience, ability and authority within the PU to assume that responsibility?
Leadership responsibility for quality within a firm

- How has the PU designed its partner and professionals performance evaluation, compensation and advancement policies to demonstrate the PU’s overriding commitment to Quality?
- What resources or investments has the PU made for the development, communication and support of its QC system?
Ethical Requirements (including Independence)

• What internal processes has the PU established to ensure that its partners and professionals adhere to the ethical requirements contained in the Code of Ethics issued by the ICAI?

• If the PU has any website, whether the same is in conformity with institute's guidelines/directions issued on posting of particulars on website by PU?

• What steps has the PU taken to ensure that its partners and professionals comply with:
  – Integrity
  – Objectivity
  – Professional competence and due care
Ethical Requirements (including Independence)

– Professional competence and due care
– Confidentiality
– Professional behavior in the client service work that they do?

• Has the PU set up policies and procedures to ensure that the PU and its partners and professionals are and remain independent at all times? How did the PU communicated its independence requirements to those who may be subject to them.
Ethical Requirements (including Independence)

• What policies, processes and safeguards has the PU established to mitigate the following threats to its independence?
  – Self-interest threat – conflict of interest
  – Self-review threat – review own work
  – Advocacy threat - promoting a position or opinion to the point that your subsequent objectivity is compromised.
  – Familiarity threat – sympathetic - compromise
  – Intimidation threat – deterred by influence
Ethical Requirements (including Independence)

• What policies, processes and safeguards has the PU established with regard to threats to its independence that could arise because of the following?
  – Financial interests of its partners and professionals in audit clients, their owners and officials
  – Employment relationships in audit clients, their owners and officials
  – Business relationships with audit clients, their owners and officials
  – Long association with the clients, their owners and officials
Ethical Requirements (including Independence)

- Acceptance of gifts and hospitality from clients, their owners and officials
- Where fees from a client/group of related entities from all services provided by the PU are a significant proportion of the total earnings of the PU
- Scope of services that may involve perceived conflicts of interest provided to a client/group of related entities by the PU

• Has the PU, in the past, withdrawn from an engagement if effective safeguards to reduce threats to independence to an acceptable level could not be applied?
Ethical Requirements (including Independence)

• Has the PU obtained written confirmations from its partners and professionals of compliance with its policies and procedures on independence?

• How does the PU confirm independence of another Firm that performs part of its engagement?

• Are the number of Tax Audit assignments performed by the PU in a financial year, more than the specified number, as per ICAI Notification? (If yes, specify reasons)
Ethical Requirements (including Independence)

• Has the PU accepted appointment as auditor of an entity where the audit fee of another auditor for carrying out audit under Companies Act, 1956 or various other Statutes has not been paid (except in the case of a sick unit)? (If yes, specify reasons)

• Are the number of audit assignments held by the PU, at any time, more than the specified number of audit assignments of Companies u/s 224 of the Companies Act, 1956 and/or the limit prescribed by the ICAI? (If yes, specify reasons)
Ethical Requirements (including Independence)

- Has the PU accepted appointment as Statutory Auditor of PSU(s)/Government Company(ies)/Listed company(ies) and other Public Company(ies) having turnover of more than Rs. 50 crores or more in a year and accepted other work or assignment or service in regard to the same entity(ies) on a remuneration which in total exceeds the fee payable for carrying out statutory audit of the same entity? (If yes, specify reasons)
Ethical Requirements (including Independence)

• Has the PU accepted appointment as an auditor of a concern while he is indebted to the concern or has given any guarantee or provide any security in connection with the indebtedness of any third person to the concern, for the limits fixed in the statute and in other cases for amount not exceeding Rs 1,000?

• Has the PU at any point of time received fees from a client below the minimum scale of fees recommended for audit assignments by the ICAI? (If yes, specify reasons)
Ethical Requirements (including Independence)

• Has the PU done internal audit/ prepared books of accounts/ created original vouchers or other evidence of transactions for a client for which it also does statutory audit? (If yes, specify reasons)

• Has the PU, as incoming auditor for an entity, followed the direction given by the ICAI not to accept an appointment as auditor in the case of unjustified removal of earlier auditor? (If yes, specify reasons)
Ethical Requirements (including Independence)

• Does PU or a Network, as a good & healthy practice, make a disclosure of payment received by it for other services through medium of a different firm(s) in which said PU or Network or its partners may have an ownership interest?

• Does PU take care to ensure that aggregate professional fees received by it, its partners, or other firms in which they are partners from client(s) or Cos. under same management does not exceed 40% of gross annual fees, its partners, or other firms in which they are partners?
Acceptance and continuance of client relationship & Specific Engagements

• When accepting or deciding to continue a client relationship, what processes does the PU have to:
  – Evaluate the integrity of the entity and its people
  – Determine whether it has the competencies and resources to undertake the engagements
  – Comply with the ethical requirements (including independence)

• How does the PU obtain an understanding with its clients regarding the services to be performed?
Acceptance and continuance of client relationship & Specific Engagements

• What processes does the PU have for withdrawal from an engagement and/or from a client relationship if required?

• How does the PU document details of issues and decisions taken relating to acceptance and continuance of client relationships and specific engagements?
Human Resources

• What steps has the PU taken to ensure that personnel it hires have the desired capability, competence and commitment to ethical principles?

• What process does the PU follow for determining the appropriateness of an engagement team?

• What are the considerations for assigning responsibility for an engagement to a particular partner?
Human Resources

• What steps has the PU taken to ensure that its personnel participate in general and industry specific CPE and Development activities that enable them to accomplish assigned responsibilities?

• How does the PU ensure that personnel selected for advancement have the qualifications to fulfil the responsibilities they will be called upon to assume?
Engagement Performance

• How does the PU ensure that the planning process it undertakes for engagements meets professional, regulatory and the PU's own requirements?

• How is it ensured that the PU's engagements are performed, supervised, documented, reported and communicated in accordance with the requirements of professional standards, applicable regulators and those of the PU itself?
Engagement Performance

• How is it ensured that qualified team members review work performed by other team members on a timely basis?

• What process exists to ensure that engagement teams complete the assembly of final engagement files on a timely basis?

• How does the PU maintain confidentiality, safe custody, integrity accessibility and retrieviability of engagement documentation?
Engagement Performance

• How does PU deal with & resolve differences of opinion, documents & implements conclusions reached? Does firm release Report until matter is resolved?

• Does PU have criteria for determining whether an engagement quality control review should be performed for given engagements? How is it ensured/monitored that reports of engagements for which an engagement quality assurance review is required are not released before completion of the review?
Engagement Performance

• What policies & procedures does PU have to ensure that proper consultation takes place within the PU for difficult or contentious matters?

• What are the PU's procedures for addressing the nature, timing, extent and documentation of engagement quality assurance reviews?

• What are the PU's established criteria for eligibility of engagement quality assurance reviewers?
Monitoring

• How has the PU assigned responsibility for the monitoring process?
• How does the PU perform monitoring procedures?
• How and how frequently does the PU Communicate the deficiencies noted and recommendations for remedial action to concerned engagement personnel and to other firm personnel?
Monitoring

• How does the PU deal with the issue of complaints and allegations?

• What documentation does the PU prepare in evidence of the monitoring operation of each element of its quality control system?

• For how long does the PU retain this documentation?

• Has the PU been subjected to a Peer Review in the past? - if so, give details and attach certificate
THE PROCESS - APPOINTMENT

PRB to give list of three Reviewers

PU to select 1 out of these within 7 days

PRB to appoint reviewer if:
- PU does not select in 30 days
- All reviewers decline
- Selected reviewer do not confirm within 30 days
- PU requests so
THE PROCESS - PLANNING

• Complete Questionnaire and send within 15 days:
  – Filled Questionnaire
  – List of attestation clients
  – A note on policies and procedures adopted by the practice unit for independence, staff supervision and development, process generally followed for assurance services etc.
  – Details of any proceedings against the PU or any of its partners or qualified assistants.
THE PROCESS - EXECUTION

• Reviewer to inform list of sample size within 15 days considering:
  – size of entity’s operations,
  – nature of industry,
  – the reviewer’s initial impression of the quality control environment in the practice unit,
  – number of branches of the practice unit, and
  – the number of audit partners
  – fee charged

• Reviewer to give the PU at least 15 days time to keep ready the necessary records
THE PROCESS - EXECUTION

• Initial Meeting to verify
  – Accuracy of Questionnaire
  – Documented Systems & Procedures
  – Documented policies adopted
  – Manual of systems & procedures in case of large PU

• On-site visit to not exceed 7 working days

• May visit branch if fee from assurance services is more than Rs. 25 Lacs
THE PROCESS – COMPLIANCE REVIEW

- General control
  - Independence
  - Maintenance of professional skills and Standards
  - Outside consultation
  - Staff Supervision & Developments
  - Office Administration
- Supplementary Questions to ensure that systems are in place & working
- Objective of 5 key control areas, whether met or not to assess
THE PROCESS – Compliance Approach

• To ensure that assurance services are being performed in accordance with Technical, Professional and Ethical Standards. To consider:
  – Assurance services records for Administration
  – Review and Evaluation of System of Internal controls
  – Substantive Tests
  – Financial Statements Presentation and
  – Assurance Services Conclusions
  – Assurance Services Reporting
THE PROCESS - Substantive approach

If reviewer decide not to place reliance on Compliance Controls, then:

- Selection of Attestation Services Sample
- Stratified sampling
- Record review
  - Review Audit Files of Sample
  - Review Working Papers
  - Copies of Audit Evidences
  - Copies of Management Representations
REPORT

• Preliminary Report
  – non-compliance with technical standards;
  – non-compliance with professional standards;
  – non-compliance with ethical standards;
  – deficiency in quality control system;
  – non-compliance with quality control policies and procedures; or
  – non-existence of adequate training programmes for staff

• Submissions by PU within 21 days

• Final Report, if satisfied

• Interim Report, if not satisfied
PRB ACTION

INTERIM REPORT ACTION

• Recommendation to PU
  • Re-adherence to technical standards
  • Rectify weakness identified
  • Order Review after 6 months- specific aspects, where all control objectives not met.
  • Follow up within 12 months of improvements

FINAL REPORT

• Contain findings
• To consider in the light of PU Submissions
• Issue Peer Review Certificate
# REVIEWER FEE

<table>
<thead>
<tr>
<th>Total Revenue from Attestation service clients of practice unit</th>
<th>Cost (in Rs.)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Less than Rs. 10 Lacs per annum</td>
<td>15000/-</td>
</tr>
<tr>
<td>From Rs. 10 Lacs to Rs. 50 Lacs p.a.</td>
<td>25000/-</td>
</tr>
<tr>
<td>From Rs. 50 Lacs to Rs. 1 Crore p.a.</td>
<td>40000/-</td>
</tr>
<tr>
<td>From Rs. 1 Crore to Rs. 3 Crore p.a.</td>
<td>60000/-</td>
</tr>
<tr>
<td>From Rs. 3 Crores to Rs. 5 Crore p.a.</td>
<td>75000/-</td>
</tr>
<tr>
<td>Above Rs. 5 Crores p.a.</td>
<td>100000/-</td>
</tr>
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</table>
THE 5 CONTROLS
INDEPENDENCE

• Does the practice unit have a policy to ensure independence, objectivity and integrity, on the part of partners and staff? Who is responsible for this policy?

• Does the practice unit communicate these policies and the expected standards of professional behaviour to all staff?

• Does the practice unit monitors compliance with policies and procedures relating to independence?

• Does the practice unit periodically review the practice unit's association with clients to ensure objectivity and independence?
PROFESSIONAL SKILLS AND STANDARDS

- Does the practice unit have an established plan for personnel needs at all levels, based on current and anticipated clientele, business growth, impending retirements, etc.?
- Does the practice unit have an established recruitment policy?
- Are applicants and new personnel informed of the personnel policies and procedures relevant to them?
- Does the practice unit have continuing education programmes for partners and staff?
- How easily the current and relevant professional literature, including accounting and auditing standards and pronouncements by professional bodies are available to the partners and staff?
- Does the practice unit conduct programmes for developing expertise in specialised areas and industries?
OUTSIDE CONSULTATION

- Is there a policy for consulting experts (both internal and external)?
- Has the practice unit built up a network of other accountants, solicitors and advocates, and technical consultants in industries in which its clients operate?
STAFF SUPERVISION AND DEVELOPMENT

• Does the practice unit have written guidelines on the responsibility at each level, and on the expected performance and qualifications necessary for advancement to the next level?
• Does the practice unit have a system for gathering and evaluating information on the performance of personnel?
• Does the practice unit have a system of periodically counselling personnel on performance and career opportunities?
• Does the practice unit have a system of assigning an audit to the most appropriate personnel? Are requirements of specialised expertise and personnel skills given due consideration?
• Does the practice unit have written guidelines for maintaining working papers (form and content)?
• Does the practice unit have standardised forms, checklists, and questionnaires to assist in the conduct of audit?
OFFICE ADMINISTRATION

• Does the practice unit have established procedures for record retention, including security aspects?

• Does the practice unit maintain a record containing particulars such as client name, nature of engagement, particulars regarding date of commencement of audit, date of audit report, billing, etc?

• Does the practice unit maintain staff register?

• Does the office have a proper library containing relevant books and all publications of Institute of Chartered Accountants of India?
GENERAL DEFICIENCIES - TS

- PU does not have any set procedures to ensure proper documentation with regard to attestation services.
- Standardization of working papers like checklists, specimen letters, and standard organization of working papers not kept.
- Separate permanent and current files for attestation services not maintained.
- PU does not have any system of documentation of obtaining sufficient and appropriate audit evidence through substantive tests.
- Working papers not maintained in certain cases as per audit programme designed.
- Record of Audit plan, the nature, timing and extent of Auditing procedures performed not maintained.
- No proper system of indexation and cross-referencing of the working papers in audit files of client.
GENERAL DEFICIENCIES - TS

• Working Papers i.e. copy of Audit Programme, particulars of audit test carried out ought to be kept in each Client’s Record to support audit opinion including full information on work carried out.

• Working of estimates such as provisions for taxation and deferred tax calculation, proof evaluation of internal audit, expert opinion on labour liabilities, etc. have not been placed on record.

• No standardized form/checklist/questionnaire or guidelines in place for carrying out the engagement.

• Audit checklists are not handed over to assistants before commencement of the audit.

• Filled up checklists evidencing work done, the extent of auditing procedure performed and the conclusions drawn from evidences obtained are not available.
GENERAL DEFICIENCIES - TS

- Record for the assessment of materiality levels and significant audit areas to be made available for each attestation service.
- Records are not maintained in accordance with the norms required for attestation services.
- No record of audit monitoring by audit incharge is kept.
- Queries are not being noted down in a uniform & standard manner.
- While making the review and evaluation of internal control system, the Audit Risk and its components not measured. Hence, the weaknesses noticed in the internal control system, which requires improvement.
- PU does not have any policy to consider and assess inherent level of control risk in determining the nature, timing and extent of substantive procedures required to reduce audit risk, to an acceptable low level.
GENERAL DEFICIENCIES - Reporting

• Qualifications in the Audit Reports neither mentioned in italics nor in bold.
• Balance-Sheets of the clients are printed on auditors’ letter-head.
• Membership number of the Chartered Accountant signing the auditors’ report not mentioned in the report.
• Where positive opinion was expressed in audit reports the same was not supported by observations/findings contained in working papers.
• In all audit report PU has not annexed Notes on Accounts – accounting policies, method of accounting, fixed assets, depreciation & amortization, inventories, investments, retirement benefits & gratuity, events after the balance sheet, prior period adjustment, change in accounting policies, extra ordinary items.
GENERAL DEFICIENCIES – Office Systems

• Staff files not maintained.
• The PU does not have their own library at branch office from where major activities are carried out.
• Register of List of Clients not maintained.
• System for scheduling and staffing for carrying out the audit engagement needs to be established.
• No system to evaluate staff performance and communicate to staff on periodical basis.
• Procedure for documenting orientation of new appointees missing
• The PU should formulate an independence policy and apprise the staff of the importance of independence.
• Appointment letters for staff and files not maintained.
• No system to evaluate staff performance and communicate to staff on periodical basis.
GENERAL DEFICIENCIES – Staff Training

• Inadequate Training Programme for staff including audit staff concerned with attestation functions and non-maintenance register of records thereof.

• Non-compliance of CPE hours by partner as well as other CA employees

• PU is not maintaining any register for lectures, seminars, workshop, etc attended by partners, qualified as well as other staff members.

• Personnel policies not laid down.

• No orientation programme for new employees.

• The PU has no system of in-house or outside CPE programmes.

• No practice of having discussions with staff and no minutes or register showing the details of the meetings being maintained
IMPORTANCE

• ICAI
• Companies Act, 2013
• Standards on Auditing
• Review of work of Auditor
DOCUMENTS - ENGAGEMENTS

- Engagement Letter
- Engagement initiation letter
- Knowledge of Client’s business
- Audit program
- Risk assessment Check List
- External confirmation letters – banks, parties, third party stocks, consultants
- External confirmation disposal summary
- Cash Balance Certificate
DOCUMENTS - ENGAGEMENTS

- Inventory verification certificate
- Fixed Asset verification certificate
- Authorization Matrix
- Ratio Analysis Sheet
- Query sheets
- AS Compliance sheet
- CARO checklist
- Overall certificates
- Management Representation letters
WORKING PAPERS

• They should disclose that no significant points or issues remained unresolved. They must depict
  – the clients name,
  – file number,
  – accounting period,
  – subject of working paper,
  – reference of working paper with current or permanent file,
  – Initials of the member of the audit team who prepared it and the date on which it was prepared.
  – In case of a working paper prepared by the client, the date of receipt and the initial of the audit team member who carried out the audit work thereon.
  – Initials of the member of the audit team who reviewed the working paper.
DOCUMENTS - STAFF

- Recruitment Policy
- Appointment Letter
- Supervision Policy
- Guidelines for maintenance of professional skills and standards
- Register of in-house CPE
- Detail of CPE – personnel wise
- Policy regarding considering of skill and competence before assignment of attestation engagement
DOCUMENTS - STAFF

- Independence policy
- Disclosure of interest of partners and staff
- Memorandum of enquiry
- Guidelines for monitoring and supervision of engagement
- Policy for external and internal consultation
- Expert consultant list
- Monthly Staff performance sheet
- Policy / committee under Women Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal) Act, 2013
• Code of Ethics of PU
• Policy for acceptance of an engagement
• Policies and procedures for recording and monitoring of incoming and outgoing documents
• Policies for attendance of staff including staff going on audit
• Policy of retention of client
• Policy for DRP & BCP
• Policy for billing and follow up
• Client Register
• Record of Company audit assignments
• Record of tax audit assignments
AUDIT NOT DOCUMENTED IS AUDIT NOT DONE
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