Audit Quality Maturity Model

ACAE Chartered Accountants Study Circle of EIRC of ICAI

Vivek Agarwal

www.vaconsultech.com

Audit Quality Maturity Model (AQMM)

Audit Quality Maturity Model

CA Vivek Agarwal

- Change is the only Constant

"The more you learn, you learn that you still have lot to learn"

Agenda Points

Introduction

Section 1. Practice Management – Operation

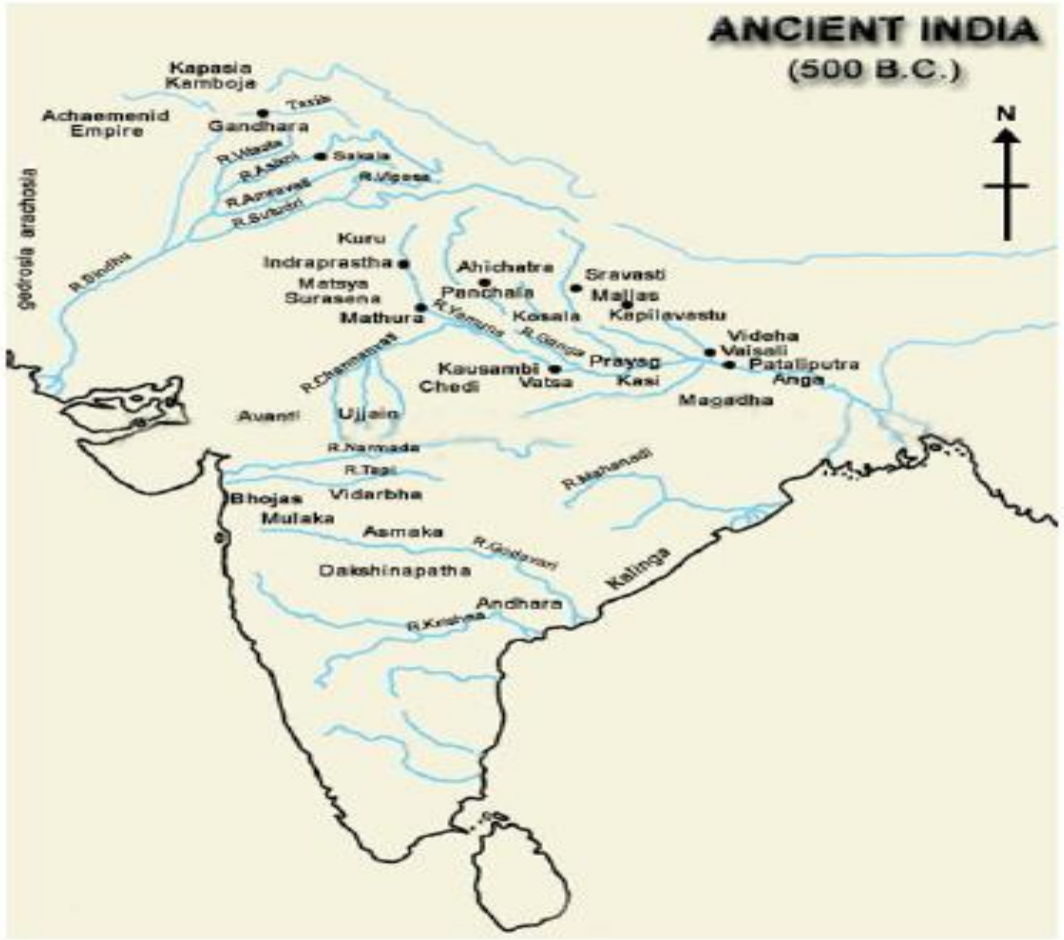
Section 2. Human Resource Management

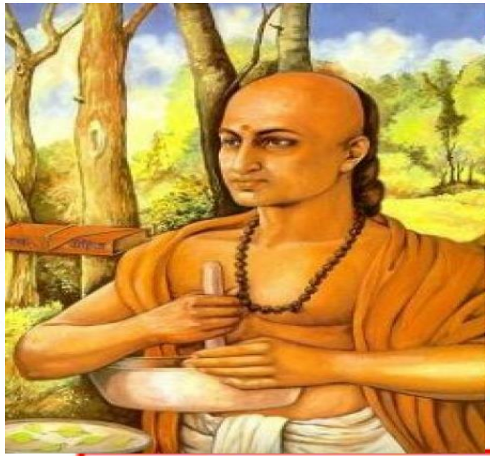
Section 3. Practice Management - Strategic/Functional

Introduction

Transition of Audit Profession

Early History of Auditing : INDIA





Vishnugupta Kautilya – better known as Chanakya first introduced concept of auditing in his book - Arthaniti

Birbal – A great auditor for Emperor Akbar. Gave him facts and solutions on several complex matters with desired evidence.

Important

"Audit not Documented is audit not done"

Vivek Agarwal

Audit not Documented is audit not done

How many Standards on Audits are there ?

45 including SRE

IL&FS crisis: CA Institute holds statutory auditors 'prima facie guilty'

K R Srivats | New Delhi | Updated on December 07, 2018 | Published on December 07, 2018

HOME NEWS MARKETS COMPANIES ELECTIONS INFO-TECH OPINION SPECIALS PORTFOLIO PREMIUM BLINK MORE

Satyam accounts: CA institute debars two audit managers

K. R. Srivats | New Delhi | Updated on December 26, 2011 | Published on December 06, 2011

HOME NEWS MARKETS COMPANIES ELECTIONS

Fraudulent acts: have to pay for t

KR Srivats | New Delhi | Updated on May 09,

SHARE SHARE SHARE EMAIL SHARE COMMENT

only or abettec This m several

BY DELOITTE, KPMG ARM IN FRAUD CASE

Aiding 'organized crime': India alleges 22 audit violations by Deloitte, KPMG arm in fraud case

June 13, 2019 admin Business News Comments Off

India detected at least 22 violations of auditing standards by Deloitte Haskins & Sells and a KPMG affiliate while investigating a fraud at a financial company, leading it to seek a five-year ban on the auditors, according to government legal filings seen by Reuters.

iditors: Deloitte, in Audit Inc's

SPECIALS PF PORTFOLIO MULTI

dit violations arm in

to fulfill the duty entrusted to them'

gle
ad?

Audit is a serious business, stay away from it if you can’t meet expectation gap: ICAI Pres Debashis Mitra

Decoding Audit Quality Maturity Model

Applicability

- **Effective Date:** 1st April, 2023
- **What is required to be done:** evaluation of audit quality maturity by certain firms
- **Firms covered:** The firms auditing the following types of entities shall be mandatorily required to undertake an evaluation of their audit quality maturity using AQMM Rev v1.0:
  a) Listed entity;
  b) Bank other than co-operative bank (except multi-state co-operative banks);
  c) Insurance Company
- **Firms excluded:** The firms conducting only branch audits have been excluded from the mandate.

Why AQMM is needed ??

Audit Expectation Gap

Knowledge Gap + Performance Gap + Evolution Gap = Audit Expectation Gap

Knowledge Gap

Difference between what the general users think auditors do and what the auditors actually do

This recognizes that the public may **misunderstand the role of auditors**

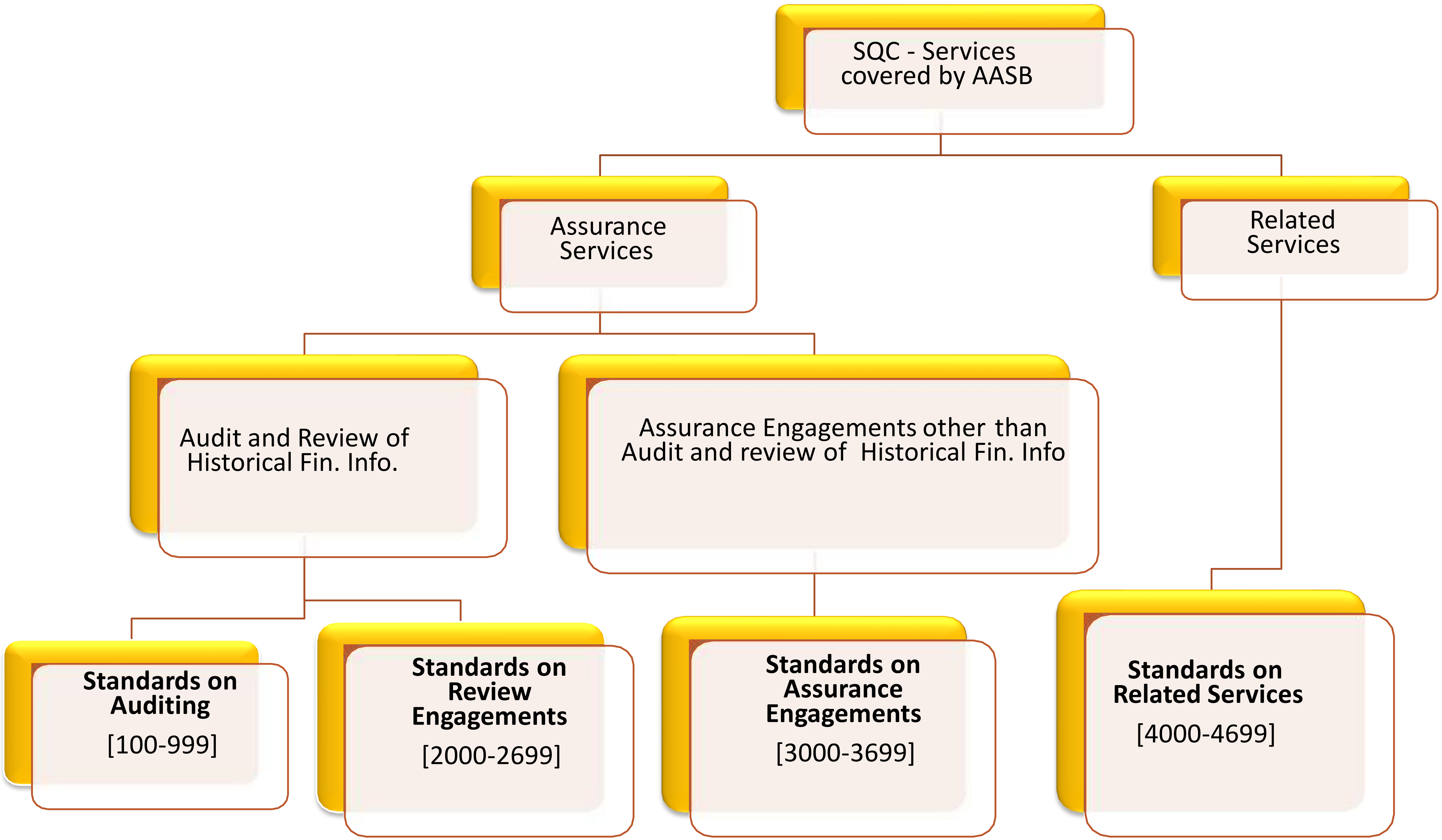
Performance Gap

Auditors **do not** perform as per the requirements of various technical and professional standards

Evolution Gap

Areas where there is a **need for evolution** taking into account the information needs of general users, **technological advancements**, and overall audit process

Financial Reporting Eco System


SQC - Services covered by AASB
Assurance Services
Related Services
Audit and Review of Historical Fin. Info.
Assurance Engagements other than Audit and review of Historical Fin. Info
Standards on Auditing [100-999]
Standards on Review Engagements [2000-2699]
Standards on Assurance Engagements [3000-3699]
Standards on Related Services [4000-4699]

Technical and Professional Standards

- Standards of Quality Control
- Standards on Auditing
- Ethical Standards
- Guidance Notes issued by ICAI
- Applicable Regulatory Requirements
- Applicable Financial Reporting Framework (AS, Ind AS, etc.)
- Notifications/Directions, including those of a self-regulatory nature

Review of the scores and level obtained by the firm using AQMM v 1.0

- **Mandatory Peer review:** The scores and the level arrived at **shall** be subject to review by a Peer Reviewer alongside the peer review cycle which falls anytime on or after 1st April 2023.

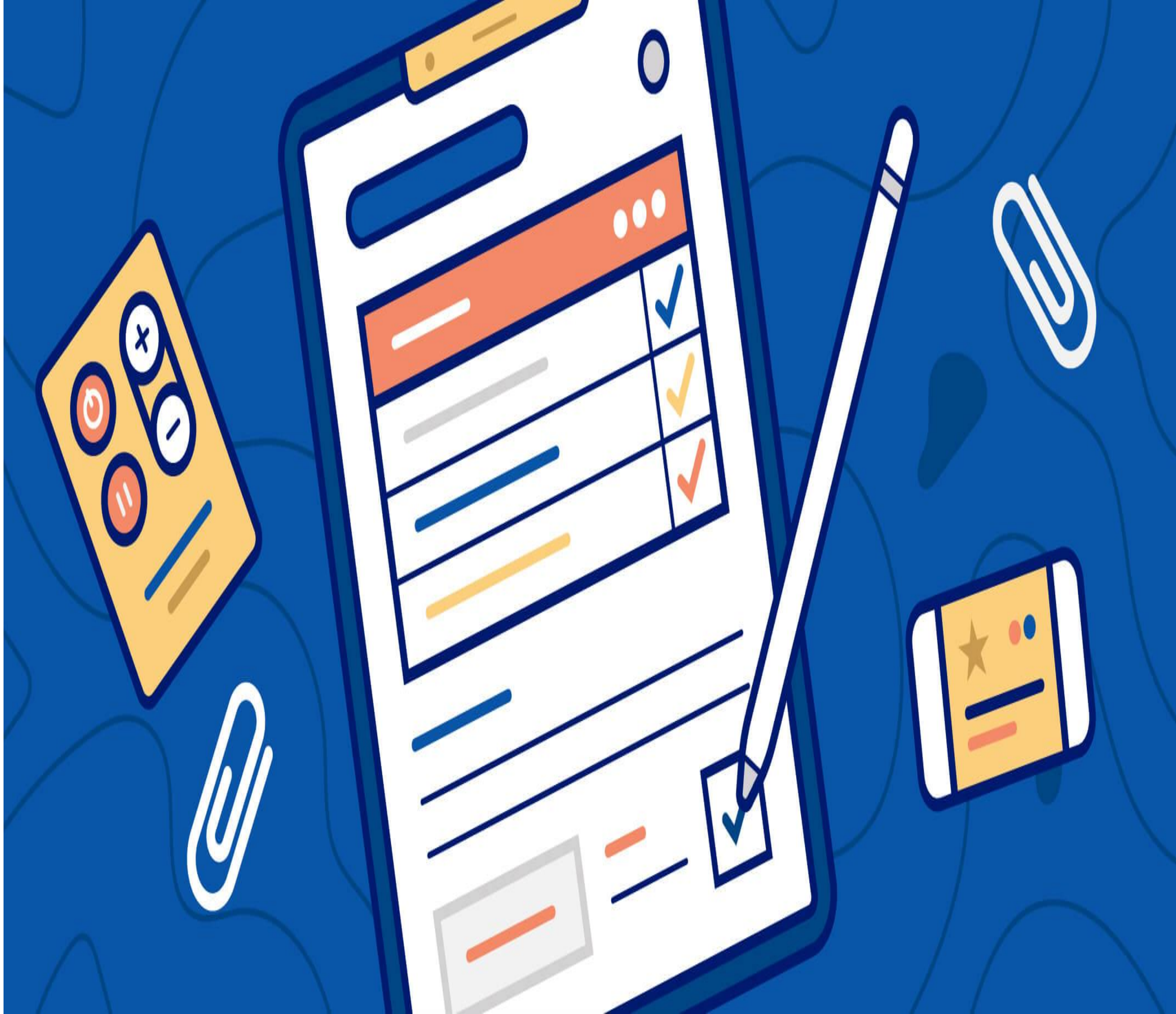
- **Voluntary Peer Review:** However, the firm(s) **may** choose to get their scores reviewed by an AQMM reviewer before their peer review cycle falls due.

- **AQMM Reviewer:** He is a member of the Institute of Chartered Accountants of India and empanelled as a peer reviewer. He is appointed by the Peer Review Board for conducting an AQMM review any time before the peer review cycle of the firm falls due.

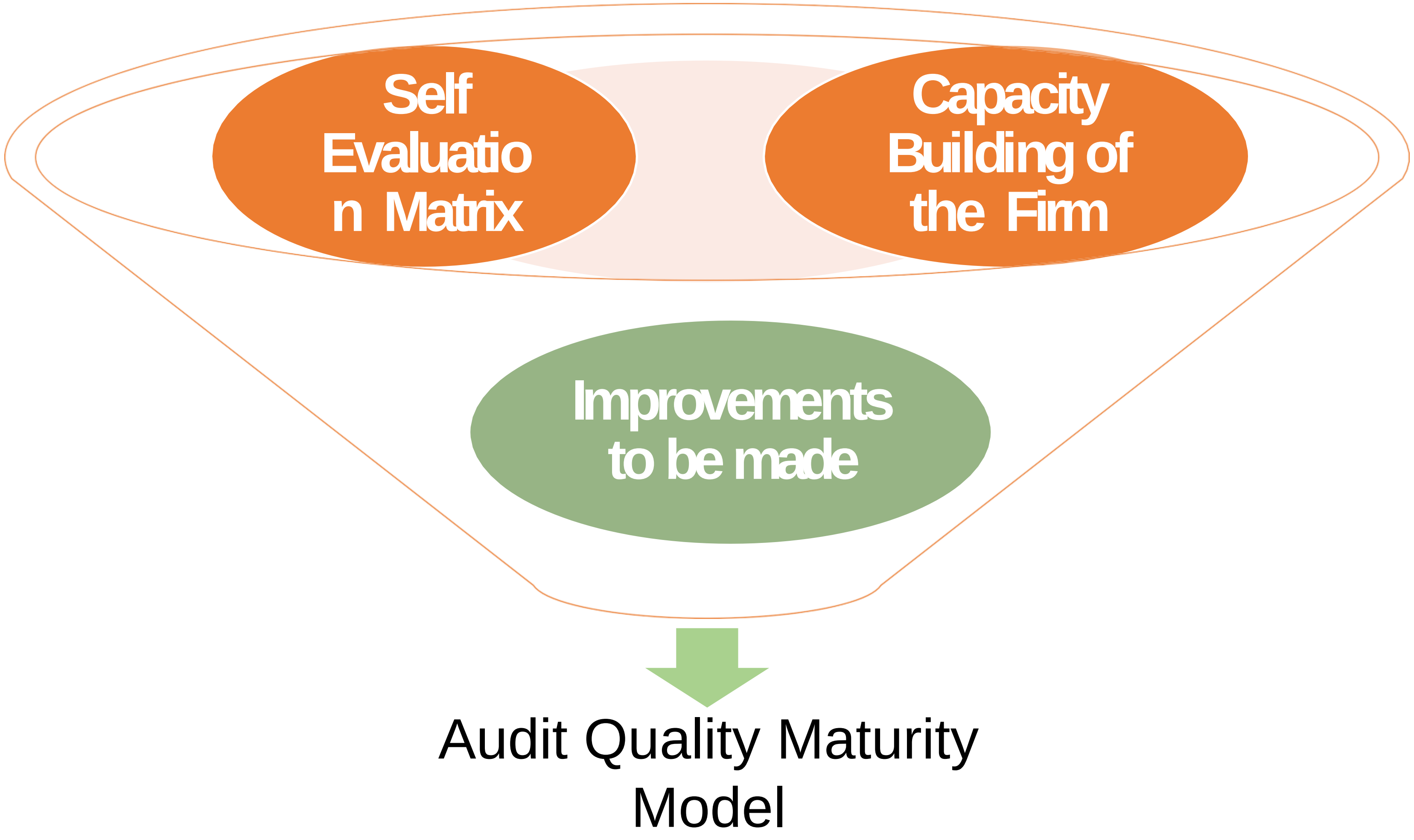
Hosting of the level obtained using AQMM on www.icai.org

The level of the firm arrived at, after being reviewed by the peer reviewer shall be hosted on the website of the ICAI alongside the details of the peer review certificate.

Documentation of procedures performed by the Auditor is of critical importance



What is AQMM


Self Evaluation Matrix
Capacity Building of the Firm
Improvements to be made
Audit Quality Maturity Model

Enhancing Audit Quality

Users depend on Audit Quality to have confidence in financial statements

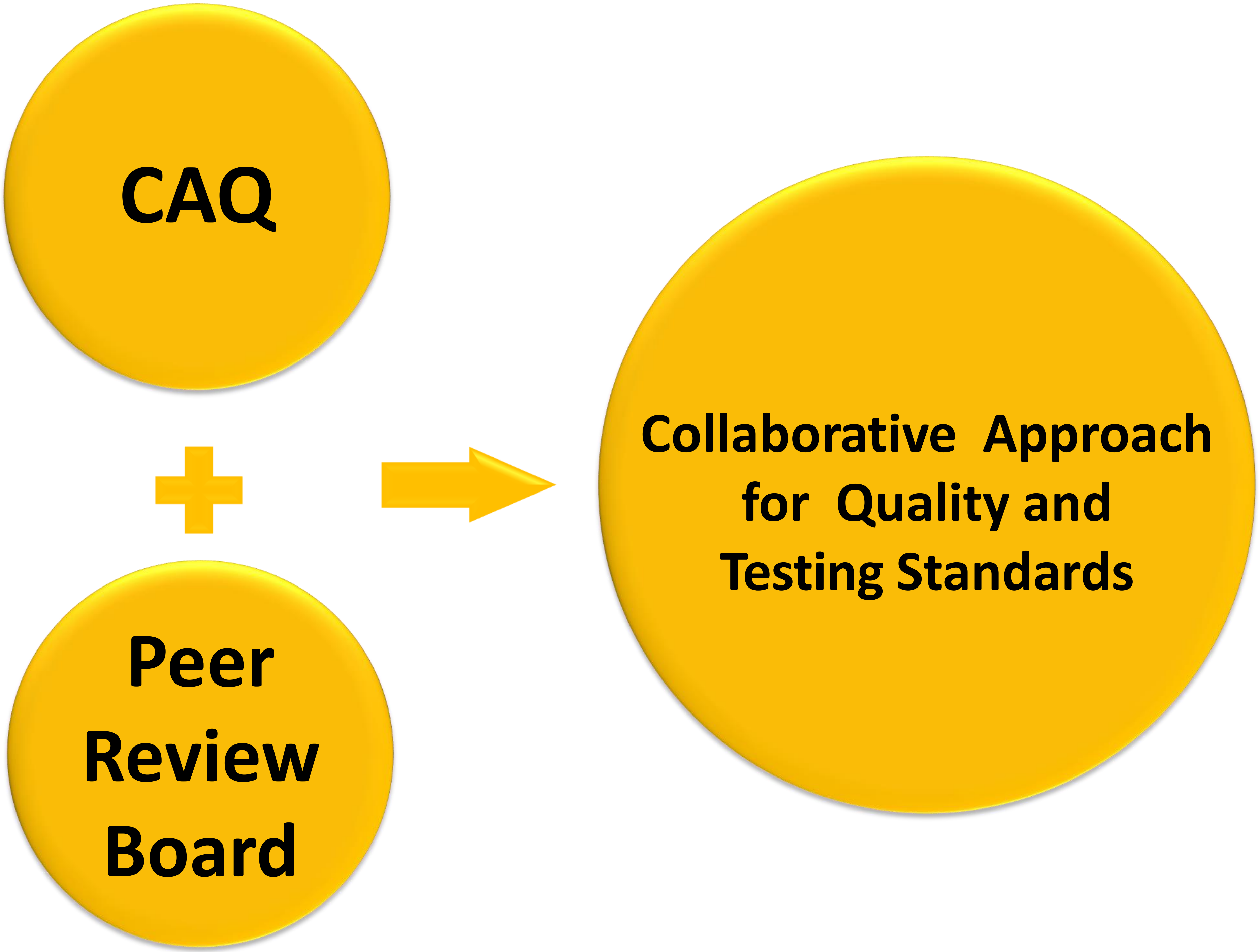
Audit quality is a complex subject and there is no analysis of it that has achieved universal recognition

Audit quality should be improved at the Engagement, Firm and National levels

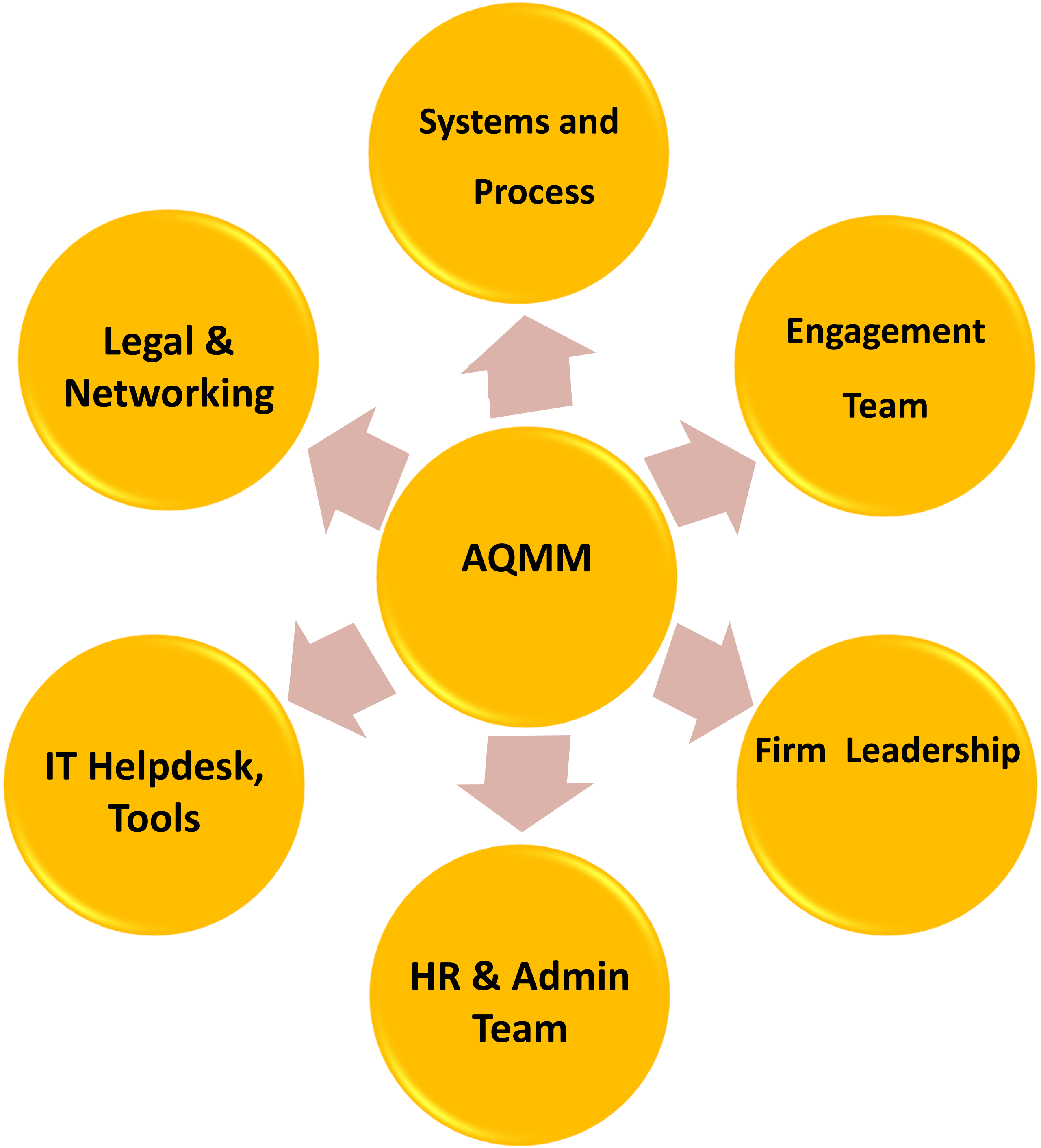
How does one measure Audit Quality?

Weakness Identified during Peer Review

- Audit documentation is not proper
- No Practice manual or Quality Review manual maintained
- Management Representation Letter not taken
- Written communication to those charged with governance not issued
- Technical standards not followed


CAQ
Peer Review Board
Collaborative Approach for Quality and Testing Standards

AQMM – Cross Functional Features



Detail Analysis

Section Categorisation

- AQMM Rev V 1.0 comprises a questionnaire that enables firms to rate their current level of audit maturity, identify areas where competencies are strong or lacking, and then develop a road map for achieving a higher level of audit maturity.
- AQMM Rev Version 1.0 includes the following dimensions of audit maturity organized into three sections:
  - Practice Management – Operation
  - Human Resource Management
  - Practice Management-Strategic/Functional

Firm Audit Quality Maturity Rating

Section Reference	**Total Possible Points**
Section 1. Practice Management – Operation	280
Section 2. Human Resource Management	240
Section 3. Practice Management - Strategic/Functional	80
Total	**600**

Interpreting the results

	Level	Result
Up to 25% in each section	Level 1 Firm	Indicates that the firm is very nascent – will have to take immediate steps to upgrade its competency or will be left lagging
Above 25% to 50% in each section	Level 2 Firm	Indicates firm has made some progress – will have to fine-tune further to reach the highest level of competency
Above 50% to 75% in each section	Level 3 Firm	Indicates firm has made substantial progress – will have to fine-tune further to reach the highest level of competency
Above 75% in each section	Level 4 Firm	Indicates firms that have made significant adoption of standards and procedures – should focus on optimizing further

Interpreting the results ~ Situation 1

Section Reference	Total Possible Points	Points Obtained	Percentage of Points Obtained
Section I: Practice Management – Operation	280	70	25%
Section II: Human Resource Management	240	60	25%
Section III: Practice Management – Strategic/ Functional	80	20	25%
Total	**600**	**150**	**25%**
		Result	**Level 1**

Interpreting the results ~ Situation 2

Section Reference	Total Possible Points	Points Obtained	Percentage of Points Obtained
Section I: Practice Management – Operation	280	112	40%
Section II: Human Resource Management	240	180	75%
Section III: Practice Management – Strategic/ Functional	80	20	25%
Total	600	312	52%
		Result	**Level 1**

Interpreting the results ~ Situation 3

Section Reference	Total Possible Points	Points Obtained	Percentage of Points Obtained
Section I: Practice Management – Operation	280	134	48%
Section II: Human Resource Management	240	180	75%
Section III: Practice Management – Strategic/ Functional	80	56	70%
Total	600	370	61.67%
		Result	**Level 2**

Interpreting the results ~ Situation 4

Section Reference	Total Possible Points	Points Obtained	Percentage of Points Obtained
Section I: Practice Management – Operation	280	168	60%
Section II: Human Resource Management	240	180	75%
Section III: Practice Management – Strategic/ Functional	80	56	70%
Total	600	404	67.33%
		Result	**Level 3**

Interpreting the results ~ Situation 5

Section Reference	Total Possible Points	Points Obtained	Percentage of Points Obtained
Section I: Practice Management – Operation	280	224	80%
Section II: Human Resource Management	240	180	75%
Section III: Practice Management – Strategic/ Functional	80	72	90%
Total	600	476	79.33%
		Result	**Level 3**

Interpreting the results ~ Situation 6

Section Reference	Total Possible Points	Points Obtained	Percentage of Points Obtained
Section I: Practice Management – Operation	280	224	80%
Section II: Human Resource Management	240	190	79%
Section III: Practice Management – Strategic/ Functional	80	72	90%
Total	600	486	81%
		Result	**Level 4**

Is there any negative scoring as well !!!! 1/2

- Yes

Competency Basis	Score Criteria	Score Basis	Maximum Score
The number of statutory audit engagements re- worked (filing errors, information insufficiency, wrong interpretation of provisions, etc.).	Negative Scoring based on %	• Less than 5% – 0 Point; • More than 5% to 15%: (-1) Point; • More than 15% to 30%: (-2) Points; • More than 30% to 50%: (-3) Points; • More than 50%: (-4) Points	0

Is there any negative scoring as well !!!! 2/2

- Yes

`	Score Criteria	Score Basis	Maximum Score
Number of client disputes (other than fees disputes) and how they are addressed	Negative Scoring based on % of clients	• Less than 5% – 0 Point; • More than 5% to 15%: (-1) Point; • More than 15% to 30%: (-2) Points; • More than 30% to 50%: (-3) Points; • More than 50%: (-4) Points	0
Any negative assessment in the report of the Quality Review Board?	Scoring based on Presence or Not. Yes/ No Answers	• For Yes – (-5) Points; • For No – 0 Point	0

Section 1 - Practice Management - Operation

Evaluation Criteria	**Max Scores**
1.1. Practice Areas of the Firm	12
1.2. Work Flow - Practice Manuals	16
1.3. Quality Review Manuals or Audit Tool	24
1.4. Service Delivery - Effort monitoring	36
1.5. Quality Control	80
1.6. Benchmarking of Service delivery	16
1.7. Client Sensitisation	16
1.8. Technology Adoption	64
1.9. Revenue, Budgeting & Pricing	16
Total of Section 1.	280

Section 2 – Human Resource Management

Evaluation Criteria	**Max Scores**
1.1. Resource Planning & Monitoring as per firm’s policy	28
1.2. Employee Training & Development	44
1.3. Resources Turnover & Compensation Management	104
1.4. Qualification Skill Set of employees and use of expert	32
1.5. Performance evaluation measures carried out by firm (KPI’s)	32
Total of Section 2.	240

Section 3 - Practice Management- Strategic/ Functional

Evaluation Criteria	Max Scores
3.1. Practice Management	20
3.2. **Infrastructure – Physical & Others**	48
3.3. Practice Credentials	12
Total of Section 3.	80

Section I
Practice Management – Operation

Practice Management – Operation
Section 1 – Various Questions

1.1 Practice Area of the Firm

(i) Revenue from audit and assurance services

- **For Yes – 4 Points**
- **For No – 0 Point**
- **Max score=4**

Minimum revenue of 50% of the total revenue from audit and assurance services is considered specialisation, when consistently witnessed for a period of 3 years. (Exception applies only in case of acquisition of another firm or a group of professionals).

1.1 Practice Area of the Firm

(ii) Does the firm have vision and mission statement ? Does it address Forward looking Practice statements/Plans?

- For Yes – 4 Points
- For No – 0 Point
- Max score=4

Scoring based on presence and implementation or Not.

Answers: Yes/No

1.2 Work Flow – Practice Manuals

(i) Presence of audit manuals containing the firm's methodology that ensures compliance with auditing standards and implementation thereof.

- For Yes – 8 Points
- For No – 0 Point
- Max score=8

(ii) Availability of standard formats relevant for Audit quality like – - LOE

- Representation letter

-Significant working papers

- Reports and implementation thereof.

- For Yes – 8 Points
- For No – 0 Point
- Max score=8

1.2 Work Flow – Practice Manuals

(i) Usage of client acceptance/engagement acceptance checklists and adequate documentation thereof

- For Yes – 4 Points
- For No – 0 Point
- Max score=4

(ii) Evaluation of Independence for all engagements (partners, managers, staff, trainees) based on the extent required. The firm must identify self – interest threat, familiarity threat, intimidation threat, self- review threat, advocacy threat and conflict of interest.

- For Yes – 4 Points
- For No – 0 Point
- Max score=4

(iii) Does the firm maintain and use the engagement withdrawal/rejection policy . Templates etc?

- For Yes – 4 Points
- For No – 0 Point
- Max score=4

1.3 Quality Review Manuals or Audit Tool

(iv) Availability and use of standard checklists in performance of an audit for compliance with Accounting and Auditing Standard.

- For Yes – 4 Points
- For No – 0 Point
- Max score=4

(v) Availability and use of standard formats for Audit documentation of business understanding, Sampling basis, Materiality determination, Data Analyst and Control Evaluation.

- For Yes – 4 Points
- For No – 0 Point
- Max score=4

(vi) Are the documents related to Quality control mentioned from (i) to (v) above reviewed and updated on a frequent basis (say annually) or with each change in the respective regulation or statue and remedial action taken?

- For Yes – 4 Points
- For No – 0 Point
- Max score=4

1.4 Service Delivery – Effort Monitoring

(i) Does the firm carry out a Capacity planning for each Engagement?

- **For Yes – 4 Points**
- **For No – 0 Point**
- **Max score=4**

(ii) Is a process of Budgeting & planning of efforts required maintained (hours/days/weeks)?

- **For Yes – 4 Points**
- **For No – 0 Point**
- **Max score=4**

1.4 Service Delivery – Effort Monitoring

(iii) Are budget vs Actual analysis of time and efforts spent carried out to identify the costing and pricing ?

- Up to 10% – 0 Point
- More than 10% and up to 30% – 4 Points
- More than 30% and up to 50% – 8 Points
- More than 50% and up to 70% – 12 Points
- More than 70% and up to 90% – 16 Points
- More than 90% – 20 Points
- Max score=20

(iv) Does the firm deploy technology for monitoring efforts spent – Utilisation of tools to track each activity (similar toproject management – Say timesheets, task management etc.) Note: (DCMM) Version 2 may be referred to arrive at the technical maturity of the firm/ CA.

- For Yes – 8 Points
- For No – 0 Point
- Max score=20

1.5 Quality Control for engagements

(i) Does the firm have a partner review/ Quality review for all audit assignments and is there a document of time spent for review of all engagements ?

- For Yes – 8 Points
- For No – 0 Point

(ii) Total engagements having concluded to be satisfactory as per quality review vs No of engagements quality reviewed

- Up to 10% – 0 Point
- More than 10% and up to 30% – 4 Points
- More than 30% and up to 50% – 8 Points
- More than 50% and up to 70% – 12 Points
- More than 70% and up to 90% – 16 Points
- More than 90% – 20 Points

1.5 Quality Control for engagements

(iii) No. of engagements without findings by ICAI, Committees of ICAI and regulators that require significant improvements

10% to 30% – 4 Points
More than 30% and up to 50% – 8 Points
More than 50% and up to 70% – 12 Points
More than 70% and up to 90% – 16 Points
More than 90% – 20 Points

(iv) Documentation of the firm in accordance with SQC 1

- For the presence of documentation in the critical areas of Ethical requirements, Acceptance and continuance of client relationships and specific engagements, and
- Engagement performance – 6 Points
- For the presence of documentation in the areas of Leadership responsibilities for quality within the firm, Human resources, and Monitoring – 6 Points

1.5 Quality Control for engagements

(v) Does the firm have Accounting and Auditing Resources in the form of soft copies of archives Q&As, firm thought leadership, a dedicated/ Shared Technical desk?

For Yes – 8 Points

For No – 0 Point

Max score=8

(vi) Is appropriatetime spent on Understanding the business, risk assessment and planning an engagement?

How have risks been mitigated through performance of audit procedures?

For Yes – 12 Points

For No – 0 Point

Max score=12

1.6 Benchmarking of service delivery

(i) Does the firm follow/ implement Standard delivery methodology – the adoption of audit manuals, adherence to practice standards and tools?

- For Yes – 4 Points
- For No – 0 Point
- Max score=4

(ii) The number of statutory audit engagements re- worked (filing errors, information insufficiency, wrong interpretation of provisions, etc.)

- Less then 5% – 0 Point
- More than 5% to 15%: (-1) Point
- More than 15% to 30%: (-2) Points
- More than 30% to 50%: (-3) Points
- More than 50%: (-4) Points
- Max score=0

1.6 Benchmarking of service delivery

(iii) Number of client disputes (other than fees disputes) and how they are addressed.

- Less then 5% – 0 Point
- More than 5% to 15%: (-1) Point
- More than 15% to 30%: (-2) Points
- More than 30% to 50%: (-3) Points
- More than 50%: (-4) Points
- Max score=0

(iv) Are the timing of audit interactions with management planned in such a way that integrates with the auditor's requirements so that audit timelines can be met? [Review frequency of back- log, engagement agreed upon and not commenced, WIP, etc. (Excl. of client-side delays)]

- For Yes – 12 Points
- For No – 0 Point
- Max score=12

1.7 Client Sensitisation

(i) Awareness meetings and knowledge dissemination meetings/ articles / documents sharing with clients including :

1) Updating client on audit issues, formally – effectiveness of the process of communication with management and those charged with governance;
2) Updating client on changes in accounting, legal , audit aspects etc. with client specific impact; and
3) Follow through on previous audit observations and updates to management and those charged with Governance.

For Yes – 8 Points
For No – 0 Point
Max Score -8

(ii) Monitoring planned hours vs actual hours across engagement; the focus is on the existence of a monitoring mechanism

1.8 Technology Adoption

Technology Adoption at Office

- **Internal communication – chats (for Yes – 4 Points , for No – 0 points)**
- **Has the firm automated its office with automated Attendance** System and Leave management? **(for Yes – 4 Points , for No – 0 points)**
- Project or activity management/ Timesheet management, **(for Yes – 4 Points , for No – 0 points)**
- Digital storage of records (scan, etc.), **(for Yes – 4 Points , for No – 0 points)**
- Centralised server/ Cloud **(for Yes – 4 Points , for No – 0 points)**
- Digital Library (Own or ICAI) **(for Yes – 4 Points , for No – 0 points)**
- Client interaction (Alerts, updates, availability of information in website, etc), **(for Yes – 4 Points , for No – 0 points)**

1.8 Technology Adoption

Technology Adoption at Office

- Video conferencing facilities adopted, **(for Yes – 4 Points , for No – 0 points)**
- Does the firm use only licensed operating system, software etc.? **(for Yes – 4 Points , for No – 0 points)**
- Own E-mail domains, E-mail usage policies, etc. **(for Yes – 4 Points , for No – 0 points)**
- Use of anti-virus and malware protection tools, **(for Yes – 4 Points , for No – 0 points)**
- Data security, etc **(for Yes – 4 Points , for No – 0 points)**
- Cyber security measures **(for Yes – 4 Points , for No – 0 points)**

1.8 Technology Adoption

(ii) Awareness and Adoption of Technology for Service delivery – Say, use of Audit tools, usage of analytical tools, use of data visualisation tools or adoption of an audit tool. Note: DCMM Version 2 may be referred to arrive at the technical maturity of the firm/ CA

- For Yes – 12 Points
- For No – 0 Point
- Max score=12

TECHNOLOGY ADOPTION

- Internal communication – chats
- Has the firm automated its office with automated Attendance System and Leave management?
- Project or activity management
- Timesheet management,
- Digital storage of records (scan, etc.)
- Centralised server/ Cloud Digital Library (Own or ICAI)

TECHNOLOGY ADOPTION

- Client interaction (Alerts, updates, availability of information in website, etc),
- Video conferencing facilities adopted,
- Does the firm use only licensed operating system, software etc.?
- E-mail ids, E-mail usage policies, etc.
- Use of anti-virus and malware protection tools,
- Data security, etc
- Cybersecurity measures

AI/ML?

Employees are equipped with technological skill sets – AI, Blockchain, Audit & Data analytical tools, etc. and sponsored by the firm to develop the same:

- Knowledge of technological skill sets will be more relevant for large audits (Audit Engagements of Listed entity, Banks other than co-operative banks (except multi-state co-operative banks) and Insurance Companies). Hence, the question should be relevant only for such audit engagements.
- The audit Teams should be aware of Data Analytics Tools and comprehend the results of the tools to adjust the audit strategy.
- Technologies like AI and blockchain may be considered as an incremental factor for differentiation purposes, if the firms are scored at the same level.

1.9 Revenue, Budgeting & Pricing

(i) Whether the client wise revenue is in compliance with the Code of Ethics (currently fees from one client should not exceed 40% of total revenue) and once the deferred clauses of Part A are implemented this will be reduced to 15%.

- For Yes – 4 Points
- For No – 0 Point
- Max score=4

(ii) Fee considerations and scope of services should not infringe upon the quality of work and documentation as envisaged in SQC 1 under Leadership is responsible for quality within the firm.

- For Yes – 8 Points
- For No – 0 Point
- Max score=8

(iii) Adherence to a minimum scale of fees standards recommended by ICAI.

- For up to 50% of the engagements- 2 Points
- For More than 50% of the engagements – 4 Points
- For None – 0 Point

Section II
Human Resource Management

Human Resource Management – Section II – Various Questions

2.1 Resource Planning & monitoring as per the firm's policy

(i) Does the firm have a process of Employee/ Resources Planning for the engagements based on skill set requirement, experience etc.?

(ii) Methods/Tools used by the firm for Resource Allocation (use of spreadsheets, work-flow tools, etc.)

(iii) Is there a method of tracking the employee activity, to identity resource productivity (e.g. timesheet)?

For Yes – 4 Points
For No – 0 Point
Max score=4

2.1 Resource Planning & monitoring as per the firm's policy

(iv) Does the firm maintain a minimum Staff to Partner Ratio, Partner to Manager, Manager to Articles, Client to Staff ratio, etc.

- For Yes – 8 Points
- For No – 0 Point
- Max score=8

(v) Does the firm monitor the Utilisation & Realisation rate per employee

- For Yes – 4 Points
- For No – 0 Point
- Max score=4

(vi) Does the firm document the resource plan for each engagement and file it for reference during the engagement?

- For Yes – 4 Points
- For No – 0 Point
- Max score=4

2.2 Employee Training and development

(i) Does the firm have an employee training policy?

- For Yes – 4 Points
- For No – 0 Point
- Max score=4

(ii)Number of Professional Development hours/days spent (Frequency) as a firm – per employee

- 60 Hours per year for junior – Level: 2 points for general training and 6 points for specialized technical training.
- **30 – 60 per year for Mid-Level**: 2 Points for general training and 6 points for specialized technical training.
- **More than 30 hours for partners**: 2 Points for general training and 6 points for specialized technical training.

2.2 Employee training & Development

(vi)Whether the firm has a performance management culture that rewards high performing employees and those who demonstrate high levels of quality and ethics ?

- For Yes – 8 Points
- For No – 0 Point
- Max score=8

2.3 Resource Turnover & Compensation Management

(x) Special policies to provide people time to rejuvenate especially after busy audit seasons

- For Yes – 4 Points
- For No – 0 Point
- Max score=4

(xi) Focused policies and support for staff well - being, engagement and communication

- For Yes – 8 Points
- For No – 0 Point
- Max score=8

(xii) An established mechanism to listen to people and their views and suggestions. Credible Employee survey and its outcome demonstrate how well people are taken care of and heard.

- For Yes – 8 Points
- For No – 0 Point
- Max score=8

2.3 Resource Turnover & Compensation Management

(xiii) Standards of recruiting people – Assessment methodology, evaluation of quality and fitment to the job and culture

- For Yes – 4 Points
- For No – 0 Point
- Max score=4

(xiv) Are the employees of the firm compensated as per a defined approach where salary is mapped to the knowledge and experience level of the employee?

- For Yes – 4 Points
- For No – 0 Point
- Max score=4

2.4 Qualification Skill Set of employees and use of Experts

(iii) Members with Specialisation courses or Certifications – (Ranking can be based on newer areas or international qualification – say, Dip. IFRS or Firm Ind AS / IFRS Accreditation Requirements, etc.)

Upto 30% – 4 Points

30% to 50% – 8 Points

Above 50% – 12 Points

2.5 Performance evaluation measures carried out by the firm (KPI's)

(i) **Does the firm have written KPIs for performance evaluation of the firm and partners?**

(iii) There is a decided frequency for the evaluation and is consistently applied.

- **For Yes – 8 Points**
- **For No – 0 Point**
- **Max score=8**

(ii) **Method for measurement and evaluation as mentioned above (i) are determined / specific.**

(iv) Are engagement partners reviewed based on the review results of the engagements of each partner.

Section III

Practice Management – Strategic/ Functional

Practice Management – Strategic/ Functional – Section III – Various Questions

3.1 Practice Management

Does the firm Manage the following attributes relating to Assurance partners to maintain the same at optimum levels as deemed fit for the respective organisations?

(i) Does the firm have a balanced mix of experienced and new Assurance partners?	For average partner experience of partners > 5 years – 4 Points For average partner experience of partners > 10 years – 8 Points	Max score=8

3.1 Practice Management

Does the firm Manage the following attributes relating to Assurance partners to maintain the same at optimum levels as deemed fit for the respective organisations?

(ii) Is the firm compliant with the ICAI Code of Ethics, Companies Act 2013 and other regulatory requirements in relation to Professional Independence and Conflict of Interest?	For Yes – 8 Points For No – 0 Point	Max score=8

3.1 Practice Management

Does the firm Manage the following attributes relating to Assurance partners to maintain the same at optimum levels as deemed fit for the respective organisations?

(iii) Is there is a 'whistle blower' policy?	For Yes – 4 Points For No – 0 Point	Max score=4

3.2 Infrastructure – Physical & Others

Branches in the same city shall have only one point, branches in Metro and Tier -1 cities shall have additional points, team size per branch shall have additional points

(i) Number of Branches & Associates and network firms and affiliates	Upto 3 – 2 Points 4 to 7 – 4 Points 8 to 15 – 6 Points More than 15 – 8 Points	Max score=8

3.2 Infrastructure – Physical & Others

Branches in the same city shall have only one point, branches in Metro and Tier -1 cities shall have additional points, team size per branch shall have additional points

(ii) Are branch level activities Centralised/ Decentralised in accounting, Invoicing, and Payroll processing	Centralised – 8 Points Decentralised – 4 Points	Max score=8

3.2 Infrastructure – Physical & Others

Branches in the same city shall have only one point, branches in Metro and Tier -1 cities shall have additional points, team size per branch shall have additional points

(iii) Physical & Logical Security of Information are extended and implemented across locations?	For Yes – 8 Points For No – 0 Point	Max score=8

3.2 Infrastructure – Physical & Others

Branches in the same city shall have only one point, branches in Metro and Tier -1 cities shall have additional points, team size per branch shall have additional points

(iv) Are there adequate Data Analytics tools and IT infrastructure available and are they being used for the relevant assignment?	For Yes – 12 Points For No – 0 Point	Max score=12

3.2 Infrastructure – Physical & Others

Branches in the same city shall have only one point, branches in Metro and Tier -1 cities shall have additional points, team size per branch shall have additional points

(v) Is the infrastructure adequate in terms of internet/intranet network bandwidth/ VPN/Wi-Fi etc. for remote working?	For Yes – 12 Points For No – 0 Point	Max score=12

3.3 Practice Credentials

What are the credentials of the firm that distinguish the firm or stands as testimony to the quality of the firm:

(i) Is the firm ICAI Peer Review certified?	For Yes – 4 Points For No – 0 Point	Max score=4

3.3 Practice Credentials

What are the credentials of the firm that distinguish the firm or stands as testimony to the quality of the firm:

(ii) Empanelment with RBI and C&AG	For Yes – 8 Points For No – 0 Point	Max score=8

3.3 Practice Credentials

What are the credentials of the firm that distinguish the firm or stands as testimony to the quality of the firm:

(iii) Is there an advisory as well as a decision, to not allot work due to unsatisfactory performance by the CAG office?	For Yes – (-5) Points For No – 0 Point	Max score=0

3.3 Practice Credentials

What are the credentials of the firm that distinguish the firm or stands as testimony to the quality of the firm:

(iv) Have any Government Bodies/ Authorities evaluated the performance of the firm to the extent of debarment/ blacklisting?	For Yes – (-10) Points For No – 0 Point	Max score=0

3.3 Practice Credentials

What are the credentials of the firm that distinguish the firm or stands as testimony to the quality of the firm:

(v) Any negative assessment in the report of the Quality Review Board?	For Yes – (-5) Points For No – 0 Point	Max score=0

3.3 Practice Credentials

What are the credentials of the firm that distinguish the firm or stands as testimony to the quality of the firm:

(vi) Has there been a case of professional misconduct on the part of a member of the firm where he has been proved guilty?	For Yes – (-5) Points For No – 0 Point	Max score=0


THANK YOU

vivek agarwal

Scan QR to view contact details

For further information please contact

VIVEK AGARWAL
Partner
Email: vivek@skagrawal.co.in
Handheld : +91 96817 06868