

Standard Operating Procedure (SOP) for conducting Quality Reviews

S. No.	Particulars	Days
1.	The review shall start from the date of issuing letter for initiating QR by the Quality Review Board (QRB) to Audit Firm Under Review (AFUR).	Day 1
2.	Technical Reviewer (TR) shall start the review process: - <ul style="list-style-type: none"> • establish contact with AFUR, • send Questionnaire (Appendix III) to AFUR for filling-up, • call for additional information from AFUR, if required, • start off-site review by making proper planning for the review, • fix-up the date for starting on-site review. 	
3.	TR & his team shall visit the office of AFUR by fixing the date as per mutual consent. Maximum one on-site visit for 7 days. Can be extended up to 14 days subject to prior approval of Chairperson, QRB.	
4.	Upon completion of on-site review, Technical Reviewer shall issue preliminary report to AFUR with a copy to QRB.	
5.	AFUR to submit reply on the preliminary report to TR within reasonable time. TR to immediately forward the reply of AFUR to QRB.	
6.	TR to submit Final Report to QRB in the prescribed format within 45 days from the date of intimation of the assignment to AFUR. <ul style="list-style-type: none"> • TR to submit a hard copy and soft copy of his Report to QRB. • TR to also send a copy of the Annual report of the company/entity for the year. • TR is also required to enclose a copy of the Preliminary report and the reply of AFUR on the preliminary report. • TR shall also send a copy of the final report to AFUR. 	Day 45
7.	In case review report is delayed for whatever reason (whether on account of TR or AFUR), TR is required to seek extension of time from the QRB secretariat. <ul style="list-style-type: none"> - Up to 45-day extension can be given by the QRB Secretariat on a case-to-case basis. - Up to 90 days extension (in total) can be given by the Chairperson, QRB on case-to-case basis. 	
8.	In case, final review report is not received within the stipulated period or extended period, as above, and in cases where TR/AFUR do not comply with the requirements asked for by the QRB or do not supply information called for by the QRB, clarification may be sought from the TR/AFUR concerned (who is responsible for the delay or who has not complied with the requirements/supplied information), as per following:- <ul style="list-style-type: none"> -1st communication may be sent, by way of letter by speed 	

	<p>post/registered post and e-mail, seeking clarification for non-compliance within 30 days. The letter will clearly state the requirement/information asked for, non-compliance from the TR/AFUR, as the case may be, and the action which may be initiated in terms of the requirements of Clause (2) of Part III of First Schedule of the Chartered Accountants Act, 1949 in respect thereof.</p> <p>-In case of no response/ no satisfactory response on the 1st communication, a reminder may be issued, in the same manner as the 1st letter, seeking reply within 15 days.</p> <p>-In case still no response is received to the above two communications, a 2nd reminder may be issued, in the same manner as the 1st letter, seeking reply within 7 days.</p> <p>-In case a satisfactory reply is received after any of the above 3 stages, the matter shall be dealt with in accordance with the manner specified in this SOP.</p> <p>-In case of no response/ no satisfactory response to the above, matter may be placed before Quality Review Board through QRG for its consideration.</p>	
9.	<p>AFUR to send their submissions on the Final Report to QRB within 7 days of receipt of the final report.</p> <p>AFUR to also mark a copy of their submissions to TR.</p>	Day of receipt of report as above + 07 days
10.	<p>In case no response is received from the AFUR under point no. 9 above, reminders shall be sent to it in manner specified in point no. 8 wherein under 1st reminder time to be provided for submitting response will be 7 days from the date of the receipt of reminder. If no response is received from the AFUR after the first reminder, again 7 days would be provided vide 2nd reminder.</p> <p>In case a satisfactory reply is received in any of the aforesaid communications, the matter shall be dealt with in accordance with the manner specified in this SOP.</p> <p>In case of no response/ no satisfactory response to the above is received, matter may be placed before Quality Review Board through QRG for its consideration.</p>	
11.	<p>Upon receipt of the reply of AFUR on the Final Report, TR shall submit to QRB within next 7 days a summary of his findings in the specified format incorporating reply of AFUR on the final report and his final comments.</p>	Day of receipt of reply from AFUR as above + 7 days
12.	<p>In case of delay in receipt of the inputs from TR, the procedure as specified at serial numbers 10 may be followed.</p>	
13.	<p>After the receipt of final report of the TR along with the reply of AFUR thereon, and the summary of findings of TR, the QRB</p>	

	<p>Secretariat will conduct review of above stated documents including the general-purpose financial statements and independent auditor's report thereon. In case any clarifications are required from TR/AFUR, QRB secretariat will seek such clarifications from TR/AFUR. TR/AFUR shall be given 7 days' time to submit their responses.</p> <p>In case of non-response, the observations would be submitted before QRG for its consideration.</p>	
14.	<p>Consideration of the final report of TR along with the reply of the AFUR on the final report and the summary from TR at the meeting of the QRG. In case of a joint audit, review reports of all the joint auditors, subjected to review, should be considered together, as far as possible.</p>	
15.	<p>QRG may call for additional details/ information from the concerned TR and/or AFUR, if needed.</p>	
16.	<p>QRG may also interact with the concerned TR, if needed, at a meeting and request him/her to explain/present his/her final report to the QRG in certain circumstances, by recording reasons for doing so, including:</p> <ul style="list-style-type: none"> • Where interaction with the TR is necessarily warranted to seek clarifications/further details on certain issues in the report enabling the QRG to make necessary recommendations to the QRB. • Where there are complete differences between the observations of the TR and the views of the AFUR to the extent that an interaction with the TR and/or AFUR is considered necessary. • Where the QRG is dissatisfied with the quality of the review report of the TR enabling the TR to have a better understanding of the expectations of the QRB from him/her. 	
17.	<p>QRG may also interact with the concerned AFUR, if needed, at a meeting in certain special circumstances and request the AFUR to explain/present their views enabling the QRG to make necessary recommendations to the QRB.</p>	
18.	<p>In case of delay in receipt of detail/information/clarification from TR/AFUR or in case TR/AFUR do not provide the details/information/clarification asked for by the QRG, the procedure as specified at serial numbers 10 may be followed.</p>	
19.	<p>Upon consideration of the reports, QRG may also seek guidance of the QRB on any matter, if considered necessary, before making its recommendations to the QRB.</p>	
20.	<p>QRG to make its recommendations to the QRB for its consideration.</p>	
21.	<p>QRG's recommendations on the quality of audit by the auditor of a Public Sector Undertaking (PSU) should be furnished to the Office of the Comptroller and Auditor General of India (C&AG), on case-to-case basis, and the O/o the C&AG's views, if any, shall be put-</p>	

	<p>up before the QRB along with the recommendations of the QRG. In all other cases, decision of the QRB on the quality of audit by the auditor of a PSU shall be furnished to the Office of the C&AG for information in accordance with the requirements of Para 36 of the Procedure for Quality Review of Audit Services of Audit Firms issued by the QRB.</p>	
22.	<p>QRB to consider the recommendations of the QRG along with the final report of the TR, the reply of the AFUR thereon and additional details/information submitted, if any and the O/o the C&AG's views, if any, in respect of the report on the quality of audit by the auditor of a PSU.</p>	
23.	<p>QRB may, after due consideration of the report of QRG and comments of the Office of the C&AG, if any wherever applicable, decide whether QRG's recommendation may be accepted or otherwise. The QRB may, suo moto, take such further action, as it may deem appropriate including:</p> <ul style="list-style-type: none"> • Issuing necessary instructions to the QRG to re-consider the matter and place its recommendations again after calling more details from the TR/AFUR, if needed, • Such further action, as may be considered appropriate. <p>If the QRB decides against the recommendations made by the QRG in its report, the QRB shall record the reasons for doing so.</p>	