



QUALITY REVIEW BOARD

(Established under an Act of Parliament)

In Pursuit of Professional Excellence of Chartered Accountants in India

Procedure for Quality Review of Audit Services of Audit Firms (Revised)

Introduction

1. In exercise of the powers conferred by Section 28A of the Chartered Accountants Act, 1949, consequent to the Chartered Accountants (Amendment) Act, 2006, the Central Government, by notification, constituted a Quality Review Board consisting of a Chairperson and ten other members. Central Government nominates the Chairperson and 5 members. The remaining 5 members are nominated by the Council of the ICAI. 6 out of 11 Members of the Board, including the Chairperson, are nominated by the Central Government. Members are nominated from amongst the persons of eminence having experience in the field of law, economics, business, finance or accountancy. Chairperson and all the Members of the Board have tenure of 3 years. The Quality Review Board initiated the system of quality review of statutory audits with effect from financial year 2012-13.

Definitions:

2. In this Procedure, unless the context otherwise requires: -
 - a. "Audit Firm" shall mean a firm (including a limited liability partnership) registered with the Institute of Chartered Accountants of India under the Chartered Accountants Act, 1949 and the Regulations framed thereunder.
 - b. "Audit Firm Under Review" means the audit firm whose quality of statutory audit services is under review by the Quality Review Board [hereinafter referred to as 'AFUR'].
 - c. "Board" means the Quality Review Board constituted under Section 28A of the Chartered Accountants Act, 1949 [hereinafter referred to as 'QRB'/ 'Board'].

- d. "Council" means the Council of the Institute of Chartered Accountants of India.
- e. "Institute" means the Institute of Chartered Accountants of India constituted under the Chartered Accountants Act, 1949 (38 of 1949) [hereinafter referred to as 'ICAI'/'Institute'].
- f. "Member" means a member of the Institute of Chartered Accountants of India.
- g. "Notification" means a notification published in the Gazette of India.
- h. "Stakeholders" in respect of an entity may include shareholders, investors, creditors, suppliers, customers, Government, regulators, employees, trade unions and society.
- i. "Technical Reviewer" means a member empaneled with the Quality Review Board to conduct the quality review [herein after referred to as "TR"].
- j. "Technical Standards" include: -
- Preface to the Statements of Accounting Standards;
 - Preface to the Standards on Quality Control, Auditing, Review, Other Assurance and Related Services;
 - The Accounting Standards notified under section 133 of the Companies Act, 2013;
 - The Accounting Standards issued by the Institute of Chartered Accountants of India;
 - The Framework for the Preparation and Presentation of Financial Statements issued by the Institute of Chartered Accountants of India;
 - The applicable Quality Control and Standards on Auditing issued by the Institute of Chartered Accountants of India and those notified under the relevant statute;
 - The Statements on Auditing issued by the Institute of Chartered Accountants of India;
 - The Notifications/Directions/Guidelines issued by the Institute of Chartered Accountants of India including those of a self-regulatory nature;
 - Other relevant legal and regulatory requirements.
- k. "Other Relevant Guidance" include: -
- The Guidance Notes on accounting and auditing matters issued by the

Institute of Chartered Accountants of India;

- The Code of Ethics issued by the Institute of Chartered Accountants of India.
- i. "Non-Compliance" means situation where financial statements are not materially prepared in accordance with the requirements of the applicable financial reporting framework considering qualitative aspects of the entity's accounting practices as would affect the truth and fairness of the financial statements and auditor has not reported accordingly as per applicable standard on auditing; or auditor has not obtained reasonable assurance about whether the financial statements as a whole are free from material misstatements, whether due to fraud or error; or auditor does not express a modified opinion when, having obtained sufficient appropriate audit evidence, concludes that misstatements, individually, or in aggregate, are material; or in other cases of non-compliances of technical standards or other relevant guidance or other relevant laws and regulations as would materially affect the truth and fairness of the financial statements.
3. (a) Words and expressions used and not defined in this Procedure but defined in the Companies Act 2013 (18 of 2013) or Chartered Accountants Act, 1949 (38 of 1949), shall have the same meanings respectively assigned to them in those Acts.
(b) All personal pronouns used in this Procedure, whether used in the masculine, feminine or other gender, shall include all other genders, and the singular shall include the plural and vice versa unless a different meaning is plainly required by the context.

Legal Framework

4. Section 28B of the Chartered Accountants Act, 1949 provides that:
"The Board shall perform the following functions, namely: -
 - (a) to make recommendations to the Council with regard to the quality of services provided by the members of Institute;
 - (b) to review the quality of services provided by the members of the Institute

including audit services; and

- (c) to guide the members of the Institute to improve the quality of services and adherence to the various statutory and other regulatory requirements.
- (d) to forward cases of non-compliance with various statutory and regulatory requirements by the members of the Institute or firms, noticed by it during the course of its reviews, to the Disciplinary Directorate for its examination¹.”

5. (a) The Ministry of Corporate Affairs vide letter F.No.7/1/2019-CL-I dated 30th January, 2019 has clarified to the Quality Review Board that in view of Sec.132(2) of the Companies Act, 2013 r/w Rule 9(4) of NFRA Rules, 2018, the issue of QRB reviewing audits of the companies/bodies corporate specified under rule 3 of the above referred rules will only arise in case a reference is so made to QRB by NFRA, and not otherwise.

(b) Rule 3 (1) of National Financial Reporting Authority Rules, 2018, as notified by Central Government on 13 November, 2018, and as further amended, specifies that “The Authority shall have power to monitor and enforce compliance with accounting standards and auditing standards, oversee the quality of service under sub-section (2) of section 132 or undertake investigation under sub-section (4) of such section of the auditors of the following class of companies and bodies corporate, namely:-

- (i) companies whose securities are listed on any stock exchange in India or outside India;
- (ii) unlisted public companies having paid-up capital of not less than rupees five hundred crores or having annual turnover of not less than rupees one thousand crores or having, in aggregate, outstanding loans, debentures and deposits of not less than rupees five hundred crores as on the 31st March of

¹ Inserted by the Chartered Accountants, the Cost and Works Accountants and the Company Secretaries (Amendment) Act, 2022 with effect from 10.05.2022 vide notification No. S.O. 2184 (E) dated 10.05.2022 issued by the Ministry of Corporate Affairs.

- immediately preceding financial year;
- (iii) insurance companies, banking companies, companies engaged in the generation or supply of electricity, companies governed by any special Act for the time being in force or bodies corporate incorporated by an Act in accordance with clauses (b), (c), (d), (e) and (f) of sub-section (4) of section 1 of the Act;
- Explanation-** For the purpose of this clause, "banking company" includes 'corresponding new bank' as defined in clause (d) of section 2 of the Banking Companies (Acquisition and Transfer of Undertakings) Act, 1970 (5 of 1970) and clause (b) of section 2 of the Banking Companies (Acquisition and Transfer of Undertakings) Act, 1980 (40 of 1980) and 'subsidiary bank' as defined in clause (k) of section 2 of the State Bank of India (Subsidiary Bank) Act, 1959 (38 of 1959).
- (iv) a body corporate or company or person, or any class of bodies corporate or companies or persons, on a reference made to the Authority by the Central Government in public interest; and
- (v) a body corporate incorporated or registered outside India, which is a subsidiary or associate company of any company or body corporate incorporated or registered in India as referred to in clauses (a) to (d), if the income or net-worth of such subsidiary or associate company exceeds twenty percent of the consolidated income or consolidated net-worth of such company or the body corporate, as the case may be, referred to in clauses (a) to (d).
- (c) Accordingly, QRB can now initiate review of quality of audit services provided by the members of the Institute in respect of:-
- (i) entities other than those specified under Rule 3(1) of NFRA Rules, 2018, namely, private limited companies, unlisted public companies below the thresholds specified under Rule 3(1) of NFRA Rules, 2018 and other entities not specified under Rule 3(1) of NFRA Rules, 2018; and
- (ii) entities referred to QRB by NFRA under Rule 9(4) of NFRA Rules, 2018.
- (6) In exercise of the powers conferred by clauses (f) and (g) of Sub-section (2) of Section 29A read with Section 28C and Sub-section (1) of Section 28D of the

Chartered Accountants Act, 1949, the Central Government has made 'Chartered Accountants (Procedures of Meetings of Quality Review Board, and Terms and Conditions of Service and Allowances of the Chairperson and Members of the Board) Rules, 2006'. Rule 6 specifies that the Board may, in discharge of its functions: –

- a. on its own or through any specialized arrangement set up under the Institute, evaluate and review the quality of work and services provided by the members of the Institute in such manner as it may decide;
- b. lay down the procedure of evaluation criteria to evaluate various services being provided by the members of the Institute and to select, in such manner and form as it may decide, the individuals and firms rendering such services for review;
- c. call for information from the Institute, the Council or its Committees, Members, Clients of members or other persons or organizations, in such form and manner as it may decide, and may also give a hearing to them; Provided that where the Board does not receive the information called for by it from any Member of the Institute, the Board may request the Institute to obtain the information from the member and furnish the same to the Board.

Provided further that where the Board does not receive the information called for by it from any company registered under the Companies Act, 1956 (now Companies Act, 2013), the Board may request the Central Government in the Ministry of Corporate Affairs for assistance in obtaining the information.

- d. invite experts to provide expert/technical advice or opinion or analysis on any matter or issue which the Board may feel relevant for the purpose of assessing the quality of work and services offered by the members of the Institute;
- e. make recommendations to the Council to guide the members of the Institute to improve their professional competence and qualifications, quality of work and services offered and adherence to various statutory

and other regulatory requirements and other matters related thereto.

Coverage of Services for Quality Review

7. Pursuant to Rule 6 of the 'Chartered Accountants (Procedures of Meetings of Quality Review Board, and Terms and Conditions of Service and Allowances of the Chairperson and Members of the Board) Rules, 2006', the Board is issuing this 'Procedure for Quality Review of Audit Services of Audit Firms' (the 'Procedure') providing for various matters, adopting best practices, in laying down the necessary system for conducting recurring quality reviews of audit firms in India. It is felt that the broad contours and requirements of review and the manner in which such review would be carried out, should not only be made known to users, stakeholders and service providers, in advance, but should also be transparent. Quality Review in terms of the provisions under the Chartered Accountants Act, 1949 is directed towards review of audit quality and adherence to various statutory and other regulatory requirements. Accordingly, the Quality Review would involve assessment of the work of statutory auditors while carrying out statutory audit so that the Board is able to assess:-
- (a) Quality of statutory audit and reporting by statutory auditors; and
 - (b) Quality control framework adopted by the AFUR in conducting statutory audit.

Exclusions:

This Procedure would not extend to:

- (i) Review of internal audit, tax audit and other such special purpose audits conducted by the members of the Institute which may be covered by the Board at a later stage or unless otherwise specified; and
- (ii) Review of services provided by the members of the Institute in employment.

Engagement of Technical Reviewers (TRs)

8. The Board has specified the following basic minimum criteria for empanelment of Technical Reviewers with the Board, applications in respect whereof are invited through

an on-line empanelment process at the website of QRB (www.qrbca.in):-

- (a) He should have minimum ten years of post-qualification experience as a chartered accountant in the practice of accounting and auditing and be currently active in practice;
- (b) He should have handled as a signing partner/proprietor at least three statutory audit assignments as a Central Statutory Auditor of Banks/Public Limited Companies/Government Companies/Private Limited Companies having annual turnover of rupees fifty crores and above during the last ten financial years; Provided that out of the aforesaid three statutory audit assignments, at least one must be in respect of entities other than Private Limited Companies;
- (c) He should not have any disciplinary proceeding under the Chartered Accountants Act, 1949 pending against him or any disciplinary action under the Chartered Accountants Act, 1949 / penal action under any other law taken/pending against him during last three financial years and/or thereafter; and
- (d) He should not currently be a Member of the QRB or ICAI's Central Council/Regional Council/Branch level Management Committee.
- (e) The firm of member should have been peer reviewed by Peer Review Board of ICAI.

9. The Board may specify any other criteria, from time to time, apart from the aforesaid basic minimum criteria for empanelment of TRs with the Board. The Board reserves the right to reject any application for empanelment as TR without assigning any reason whatsoever.

10. The empanelment of TRs, so made, shall remain valid on a continuous basis subject to submission of the mandatory declaration regarding eligibility through the Portal at the time of accepting each allotted assignment. However, it may be noted that empanelment as a TR with the Quality Review Board does not, in any way, guarantee allotment of quality review work to TR which shall be at the sole discretion

of the Quality Review Board.

11. TRs shall be required to undergo training on emerging areas such as Ind-AS, Amendments in Companies Act, other technical standards, Valuation Standards, other relevant laws and regulations etc. TRs shall regularly participate in training workshops/programmes organized by various POUs on the aforesaid areas and will update their knowledge. Details of such training shall be updated in TR profile, which will be duly considered while allotting new cases.

12. The Board shall, however, continue to reserve the right to terminate the empanelment of a TR in specified circumstances, including but not limited to non-fulfilment of eligibility conditions, assessment of work performed, conduct unbecoming of a TR during the review process, non-compliance with the instructions issued by the Board, or any other act considered prejudicial to the objectives of the Quality Review Process. Such termination may be affected at the discretion of the Board, notwithstanding the otherwise continuous nature of empanelment.

Criteria for Selection of Audit Firms for Quality Review

13. (1) The selection of the audit firms / companies will be made on the basis of following criteria:

(I) ENTITY BASED SELECTION: The entity-based selection will be done considering the following bases:

- (i) Random Selection using stratified sampling method
- (ii) Risk based selection

(i) **Random Selection using stratified sampling method:**

Database for sample selection: Unlisted Public Companies not falling within the purview of NFRA will be included in toto, without giving accord to their net-worth and turnover. Private Limited Companies whose turnover is greater than or equal to Rs. 250 crores will be included in the database for selection of entities.

Stratified Sampling: Enterprises included in the above database will then be classified on the basis of their net-worth, turnover and on the basis of the sector

/ industries they belong to such as manufacturing, financial services, information technology (IT) & information technology enabled services (ITES), infrastructure, service sector, etc. The sector / industry type which has higher risks may be given priority.

The random number for the selection may be obtained from Chairperson, QRB or any other person nominated by the Chairperson.

(ii) Risk Based Selection:

For the entities included in the above database, in addition to the consideration of market intelligence reports on risk susceptible sectors, the risk-based selection will also consider entity level risks such as financial health, company size, borrowing, ratio analysis etc. For example, the companies who have higher borrowings, but negative net-worth are riskier, similarly companies who have higher debt-equity ratio, lower proprietary ratio, higher debt ratio, or poor interest service coverage ratio, may be considered. Selection under this category will be done over and above the selection done under (i) above.

(II) AUDIT FIRM BASED SELECTION:

Following factors to be considered while conducting the audit firm-based selection:

(i) Size of the Audit Firm: Audit firms may be categorized into different levels based on the number of partners, and endeavors may be made to cover the big firms i.e. firms having ten or more partners.

(ii) Selection of a certain percentage of cases, on the basis of past advisories sent to audit firm: The audit firm(s) that have been issued an advisory by the QRB in the past shall be selected. The objective behind such selection is to ensure the compliances of advisories issued by the QRB. It was decided that the advisories to the firm with the higher number of observations will be given priority. The condition given in paragraph 13(2) below will not be applicable in this category.

(III) SELECTION ON THE BASIS OF MEDIA REPORT AND REFERENCES MADE TO QRB:

Enterprise in which serious accounting and auditing irregularities in the general-purpose financial statements have been highlighted by the media reports may be selected by the Board. Also, if any references of the case have been made to the QRB by other regulators / government authorities, the Board may select such cases too. It may be noted that the selection under this method will be over and above the Companies / AFURs (Audit Firm Under Review) selected in (I) and (II) above.

(2) For selection of the Companies / AFUR in (I) and (II)(i) above, if any audit firm has been reviewed by the Board in the past 3 years, the same may be excluded and the next available company with a different audit firm may be selected. Further, if any audit firm / company is already selected under (I) or (II) above, the immediate next audit firm / company will be selected in subsequent criteria.

(3) Selection of the enterprise/AFUR should be done on an annual basis. For the purpose of selection, unless and until the database from government authorities is made available to QRB, the database of Prowess IQ of CMIE, Capitaline or any other suitable database may be used.

(4) For selection of the cases under (II) above the details of the enterprise audited by the concerned audit firm may be obtained from the public domain. Further, audit firm(s) may also be written to provide the details of the companies audited by it.

(5) In case of joint audits, if required, all joint auditors may be reviewed, as may be decided by the Board on case-to-case basis.

(6) The Board shall not consider cases of complaints received from individuals, firms, companies, other entities and their partners, directors and other officers etc. which shall be continued to be dealt with in accordance with the mechanism available under the Chartered Accountants Act, 1949. Cases of complaints from only regulatory bodies and other media reports involving serious accounting irregularities shall be considered by the Board for the purpose of initiating the review.

(7) The QRB secretariat should place the details of the entities and audit firms, which may be selected for quality review before the Board for its consideration. The Board, at this stage, may consider whether the case warrants a quality review by a TR and may refer the cases selected for quality review to the relevant TRs. The Board will obtain

the Annual Report of the entity concerned.

(8) Upto 3 audit engagements of an AFUR may be selected by the Board, as may be considered appropriate, during a particular quality review cycle covering entities of varied industries, size, geographical spread and regulatory concerns. However, in the absence of any adverse finding in a past review, not more than one audit engagement of the same engagement partner/ proprietor of an AFUR may be selected for quality review by the Board during a particular quality review cycle.

(9) However, in case of any adverse findings in past review/s or in any other situation, QRB may conduct quality review of any particular audit firm or of a particular engagement partner at more frequent interval and/or select more than 3 audit engagements.

Scope of Quality Review

14. The scope & objective of the quality review shall be as under:-

- (a) whether the Statutory Auditor has ensured compliance with the applicable technical standards in India and other applicable professional and ethical standards and other relevant guidance.
- (b) whether the Statutory Auditor has ensured compliance with the relevant laws and regulations as required under applicable auditing standard.
- (c) whether the AFUR has implemented a system of quality control with reference to the applicable quality control standards.
- (d) whether there is no material misstatement of assets and liabilities as at the reporting date in respect of the selected entity.

15. The major focus of the reviews is on compliance with technical standards, other relevant guidance, relevant laws & regulations as required under applicable auditing standard, quality of reporting and firm's quality control framework. The focus areas for quality reviews for any particular class or classes of Audit firms / entities may be such as specified by the Board, from time to time.

16. The review would encompass AFUR's working papers of selected audit file/s to assess quality of their audit and to ensure that financial statements are free of material mis-

statement/s; internal quality controls placed within AFUR, including assessment of how internal controls impact audit quality; AFUR's independence; compliance with technical standards, other relevant guidance and relevant laws and regulations; on-site-reviews; and discussion of findings with senior management of AFUR.

Quality Review Process

17. The Board may constitute one or more Quality Review Groups (hereinafter referred to as QRG) to examine final reports of Technical Reviewers (TRs), with a view to assessing the quality of audit and reporting by the AFUR, in consultation with the Board. There could be two categories of the QRGs:

- (a) Industry Specific; and
- (b) Generic.

18. Each of the QRG would be assisted by TRs. The job of the TRs would be to prepare a report on the review of statutory audit function of AFUR, with a view to assessing their quality of audit and reporting, and the review of quality control framework adopted by them in conducting audit.

19. Upon completion of his on-site review, the TR is required to submit his preliminary observations on the review of the quality of audit and reporting by the AFUR on the financial statements and the AFUR's quality control framework. These "preliminary observations" shall be uploaded on the Portal to enable AFUR to provide its comments. Based on the AFUR's responses received, the TR will finalize his observations in the form of "Final Observations", which will again be open for AFUR's final comments. Subsequently, the "TR's final comments" are to be submitted to the Board within the stipulated timeline on the portal itself.

It is imperative to note that the entire reporting process, from preliminary observations till the final decision, is conducted exclusively through the Portal to ensure uniformity, transparency, and proper record-keeping.

20. (a) The TR final report shall be considered by the QRG. QRG may issue such directions to the TRs as may be considered necessary enabling QRG to make recommendations to the Board on the review. The QRG may also consult the Board on any issue, on which QRG feels that the guidance of the Board is necessary.

(b) QRG may also call for additional details/ information from the concerned TR and/or Audit Firm, if needed.

(c) QRG may also interact with the concerned TR, if needed, and request him to explain/present his final report to the QRG in certain circumstances including:

- 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 from him.

(d) QRG may also interact with the AFUR, if needed, in certain special circumstances and request the AFUR to explain/present their views enabling the QRG to make necessary recommendations to the QRB.

21. (a) Generally, review reports in respect of all the joint auditors of an entity should be considered together by the QRG, as far as practicable.

(b) In view of SA 299 'Responsibility of Joint Auditors', if TR finds that response of other joint auditor is required on any particular observation(s) as the concerned area was allocated to them, he may, through the office of QRB, communicate with the concerned audit firm. TR shall submit his final report after giving reasonable opportunity to the requisite audit firm for obtaining their response.

22 QRG shall consider the reports of TRs in respect of the quality reviews referred to it and submit its recommendations on the same to the Board within a reasonable period of time. The recommendations of the QRG may expressly state the following:

- (a) Particulars of the enterprise and AFUR;
- (b) A detailed description of the non-compliance with the matters stated in the terms of engagement to TRs, if any;
- (c) A detailed description of the evidences that support the non-compliance;
- (d) QRG's recommendations about the actions that are required to be taken in a particular case; and
- (e) QRG's recommendations on the general guidance that needs to be issued to the Audit firms/ members at large.

23 QRG may consider the following broad parameters for determining the action to be recommended to the Board upon consideration of the observations of the TRs:-

(a) In cases involving non-compliance by the members of the Institute or firms, the matter may be forwarded to the Disciplinary Directorate of ICAI for its examination u/s 28B(d) of the Chartered Accountants Act, 1949,

(b) In other cases involving matters of improvement an advisory/guidance to the AFUR may be issued by the QRB in terms of the requirements of Sec. 28B(c) of the Chartered Accountants Act, 1949. For matter of improvement, in cases where total number of observations (i.e., observations raised by the Technical Reviewer as well as the observations noticed by QRG/QRB) are five or less and none of the observation has any financial effect, whatsoever, in the preparation and presentation of the financial statements of the entity/company, such observations will be categorized as 'Observations for Improvement.' Further the cases (i) where total number of observations are more than 5 or (ii) where total number of observations are 5 or less but one or more observation have financial effect, whatsoever, in the financial statement of the entity/company and case does not fall u/s 28B(d) of the Chartered Accountant Act, 1949, such cases will be categorized as 'Advisory.'

(c) In respect of the matters involving general guidance that needs to be issued to the Audit firms/ members at large, the recommendation may be made to the Council in an aggregated manner at such interval as may be considered

appropriate by the Board under Sec. 28B(a) of the Chartered Accountants Act, 1949.

(d) In respect of other observations of trivial nature, and where the AFUR has also agreed to take effective corrective steps in future or has already taken corrective steps, the report may be taken on record and the matter may be closed.

24. The members of the QRB/QRG may be entitled for sitting fees and reimbursement of travelling expenditure incurred in connection with the meetings of the QRB/QRG in terms of Chartered Accountants (Procedures of Meetings of Quality Review Board, and Terms and Conditions of Service and Allowances of the Chairperson and Members of the Board) Rules, 2006. TRs who incurred travelling expenditure in connection with the meetings of the QRB/QRG would be eligible for reimbursement at such rates as may be fixed by the Board from time to time in this regard. However, members of the QRB/QRG, nominated by the Council of the ICAI, will not be entitled to any sitting fees for attending meetings.

25. (A) Various stages involved in the quality review process are as described below: -

| | |
|-----|--|
| (a) | QRB selects Audit Firm and the audit file for review and identifies TR to conduct Quality Review. |
| (b) | QRB sends Offer Letter of Engagement to TR. |
| (c) | TR conveys his acceptance of Engagement to QRB by logging into his dashboard on the portal wherein he is required to submit the necessary declarations for confirming compliance with the eligibility conditions and furnishing statement of confidentiality by himself and for his assistant/s, if any. |
| (d) | QRB intimates AFUR about the proposed Quality Review by issuing a formal intimation letter through the portal. Subsequently, the contact details of TR and AFUR will be made available in their respective logins enabling them to directly coordinate and communicate with each other. The TR shall be required to update the proposed travel dates for any on-site visit on the portal, and such dates may be further revised by updating the actual visit |

| | |
|-----|--|
| | dates, along with a brief reason for the change, if any. |
| (e) | TR sends the specified Quality Review Questionnaire through the portal to the AFUR to provide his responses. He also calls for additional information from the AFUR, if required. |
| (f) | TR & his team carry out the Quality Review by starting their off-site review by making proper planning for the review and then visiting the office of the AFUR by fixing the date as per mutual consent ensuring that review exercise gets completed within specified time frame. |
| (g) | On completion of on-site review, TR to send the preliminary observations to AFUR through portal. Observations submitted will be accessible to QRB as well through portal. |
| (h) | AFUR to submit responses on the preliminary observations to the TR from AFUR login. |
| (i) | TR to submit final observations to the AFUR and QRB within specified time frame or as extended by the QRB. |
| (j) | AFUR to submit to QRB their responses on the TR final observations in "Observations" section and feedback in prescribed format, regarding their experience of the quality review. |
| (k) | <p>Upon receipt of the final response from the AFUR, TR shall, within next 7 days submit his final comments on AFUR final responses.</p> <p>Thereafter, the TR shall submit the final report after validating the category-wise number of observations raised, including those dropped pursuant to his final comments. The report shall be submitted in the prescribed format available on the Portal, which may be amended from time to time, and shall summarise the outcome of the Quality Review Process under the categories of Non-Compliance, Matter of Improvement, Matter of General Guidance and Dropped by TR, along with the TR's overall opinion on the observations noted during the Quality Review Process.</p> |
| (l) | QRB to consider the report of the TR and responses of AFUR and make recommendations to QRB. QRB may also call for additional |

| | |
|-----|---|
| | details/information/explanations, if required, from TR/AFUR or issue such directions to TR, as it may deem appropriate, enabling it to assess the quality of audit and reporting by the AFUR. |
| (m) | QRB to consider report and recommendations of QRG and decide further course of action. |

(B) The entire quality review process shall be conducted as per the Standard Operating Procedure (SOP) for conducting Quality Reviews (QRs) issued by the Quality Review Board as given in Annexure B and as further amended from time to time.

Composition of the Review Team

26. The composition of the review team, mandatorily headed by the TR, would depend on the size of the AFUR/Entity/(ies) under review. The composition of the team shall be decided considering the following:
- (i) In no case should the audit quality review team be a single member team. In other words, in all cases the audit review team shall be comprised of at least two members i.e., Technical Reviewer and one assistant who must be a qualified Chartered Accountant.
 - (ii) In cases where the size of the audit firm and /or auditee enterprise is larger, Technical Reviewer may be allowed to form an audit quality review team of three members i.e., TR him/herself and two assistants who must be qualified Chartered Accountants.
 - (iii) In exceptional cases, where the TR is of the view that three assistants are needed to conduct the quality review in an effective manner, he / she may place a request to the Board in this regard. The Chairperson, QRB may allow the TR, having considered the size of audit firm and / or auditee enterprise, nature of audit and other relevant matters, to have one more assistant, in addition to para 2.5(b) above. Accordingly, in such a situation, the audit quality review team may comprise four members i.e., TR and three assistants who must be qualified Chartered Accountants.
 - (iv) No firm of Chartered Accountants shall be permitted to be a member of the review team.

27. The QRB, from time to time, shall specify the requirements to ensure independence of TRs and avoid conflict of interest including: -

- a. He should not have any disciplinary proceeding under the Chartered Accountants Act, 1949 pending against him or any disciplinary action under the Chartered Accountants Act, 1949 / penal action under any other law taken/pending against him during last three financial years and/or thereafter;
- b. He or his firm or any of the network firms or any of the partners of his firm or that of the network firms should not have been the statutory auditor of the entity, as specified, or have rendered any other services to the said entity during last three financial years and /or thereafter;
- c. He or his firm or any of the network firms or any of the partners of his firm or that of the network firms should not have had any association with the specified AFUR, during the last three financial years and /or thereafter;
- d. He should comply with all the eligibility conditions laid down for appointment as an auditor of a company u/s 141(3) of the Companies Act, 2013 which apply mutatis mutandis in respect of the review of the quality of statutory audit of the entity, as specified, so far as applicable; and
- e. He does not belong to the city/region of head office of the AFUR.

28. The QRB, from time to time, shall specify the requirements for engaging Assistants by the TR for ensuring their independence and avoiding conflict of interest including:-

- (a) He shall be member of the Institute of Chartered Accountants of India;
- (b) He does not attract any of the disqualifications prescribed under the Chartered Accountants Act, 1949;
- (c) He shall have to sign the statement of confidentiality in the prescribed format;
- (d) He shall have no direct interface either with the AFUR or the Board;
- (e) He should have been working with TR for preferably one year as a Member of the ICAI/ a Partner in his CA firm;
- (f) He should not have been associated with the AFUR and the concerned entity,

whose audit is being reviewed, during last three financial years and/or thereafter;

(g) He should not have any disciplinary proceeding under the Chartered Accountants Act, 1949 pending against him or any disciplinary action under the Chartered Accountants Act, 1949 / penal action under any other law taken/pending against him during last three financial years and/or thereafter;

(h) He should not be a member of current QRB/ICAI's Central Council/Regional Council/Branch level Management Committee; and

(i) He should not himself be empaneled as a TR with the Quality Review Board.

29. The Board may also obtain the services of relevant industry experts, if needed, on such criteria as may be specified by the Board. These industry specific experts may provide guidance/ advice to the TRs, as may be required.

30. These TRs and industry experts shall be entitled to payment of an honorarium and reimbursement of travelling expenses, including for their assistants, if any, at such rates as may be decided by the Board from time to time.

Guidelines for the Technical Reviewers

31. TR should adhere to the principle requirements mentioned while preparing his report. It may be noted that the requirements mentioned apply throughout the quality review assignment from issuing the questionnaire till submitting the TR's Final Report. TR should also adhere to the various guidelines given to him by the Board, from time to time, including :-

(a) TR shall himself make on-site visit, along with his Assistant/s, if any, to the AFUR for conducting the review of audit working papers as defined under the relevant standards;

(b) TR shall follow Technical Guide on conducting Quality Review as brought out by the QRB while conducting the review;

(c) TR, including his Assistant/s, will have access to or take abstracts of the

- records and documents maintained by the AFUR in relation to the review; However, in order to maintain confidentiality, the TR, including his Assistant/s, shall not make any copies/extracts of the AFUR's Clients' file or records examined by them while conducting review, as part of their working papers;
- (d) TR shall provide detailed comments giving proper justification and explanation in respect of the various matters required to be commented upon by TRs in his report including additional documents in "Additional Documents" section which includes 1) General Overview 2) Report On Areas Of Focus For Review 3) Overview And Information On Planning And Performing The Review, 4) Profile Of Technical Reviewer And Assistants On The Engagement and 5) AFUR Profile as annexures to the TR's Final Report as it's annexures;
- (e) TR shall also refer other guidance provided by the Quality Review Board from time to time such as Audit Quality Review Reports of the QRB appearing at the website of the QRB, reports of other bodies or any other guidance as may be provided by the QRB from time to time as well as industry specific Technical Guide/s, if any, brought out by the ICAI while conducting the review;
- (f) TR shall be required to prepare his final report as mentioned in para 25(k) of this procedure as per the reporting format specified by the Board as amended from time to time; and
- (g) TR should build in a review process to be able to review audit documentation maintained by the AFUR in electronic form in line with the requirements of SA 230.

32. TR, based on the conclusions drawn from the review, shall issue preliminary observations and subsequently the final observations followed by the TR Final report. The final report shall be issued in the format as may be specified by the Board from time to time. A clean report indicates that the TR is of the opinion that the statutory audit is being conducted in a manner that ensures the quality of audit services rendered. However, TR may qualify the report in Opinion section of the "TR's Final Report" on the basis of observations raised under the category of non-compliance as defined in Para 2(l) of this procedure

33. The final report shall be submitted by the TR in the specified format available on the Portal. The format may be modified from time to time, based on requirements determined by the Board, and shall be intended to enable the TR to draw an overall conclusion on the Quality Review Process, including the outcome of review observations and any matter considered relevant for the purpose of reporting under Opinion section of the "TR's Final Report.
34. In deciding on the category of observations / comments to be submitted, TR should consider the evidence obtained and should document the overall conclusions with respect to the year being reviewed in respect of following matters: -
- (a) Whether the policies and procedures that constitute the AFURs system of quality control for its attestation services have been designed to ensure quality control to provide with reasonable assurance of complying with technical standards, other relevant guidance and other relevant laws and regulations.
 - (b) Whether personnel of the AFUR complied with such policies and procedures in order to provide the firm with reasonable assurance of complying with technical standards, other relevant guidance and other relevant laws and regulations.
 - (c) Whether independence of AFUR is maintained in conducting audit.
 - (d) Whether the AFUR has instituted adequate mechanisms for training of staff.
 - (e) Whether the AFUR ensures the availability of expertise and/or experienced individuals for consultation.
 - (f) Whether the skill and competence of assistants are considered before assignment of attestation engagement.
 - (g) Whether the progress of attestation service is monitored, and work performed by each assistant is reviewed by the service in-charge and necessary guidance is provided to assistants.
 - (h) Whether the AFUR has established procedure to record the audit plan, the

nature, timing and extent of auditing procedures performed, and the conclusions drawn from the evidence obtained.

- (i) Whether the AFUR maintains the audit documentation as per the relevant standards.
- (j) Whether the AFUR verifies compliance with relevant laws and regulations to the extent it has a material effect on financial statements.
- (k) Whether the internal controls within the AFUR contribute towards maintenance of quality of reporting.

Changes to the Reporting Formats/ Questionnaire

- 35. Whenever the Quality Review Board is of such a view, in the light of the new emerging paradigm, changes in domestic laws & regulations and through experience gained, it may, amend, or modify the Quality Review Questionnaire/ reporting formats, from time to time, as it may deem appropriate.

Manner of consideration of Recommendations of QRG by the Board

- 36. The 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 C&AG's views, if any, shall be put-up before the Board along with the recommendations of the QRG. In all other cases, the QRG's recommendations along with the decision of the Board on the quality of audit by the auditor of a PSU shall be furnished to the Office of the C&AG for information.
- 37. The recommendations of the QRG on the quality of statutory audits by the auditors of entities (other than those covered under Para 36) shall be placed before the Board for its consideration directly.
- 38. The Board may, after due consideration of the recommendations and comments of the Office of the C&AG, wherever applicable, decide whether the recommendation made by the QRG should be accepted or otherwise. The Board may, *suo moto*, take such further action, as it may deem appropriate. If the Board decides against the recommendations

made by the QRG in its report, the Board shall record the reasons for doing so.

39. The actions that the Board may take, based upon consideration of recommendations of the QRG, include one or more of the following: -

- (a) Forward the non-compliance by the members of the Institute or firms to the Disciplinary Directorate for its examination u/s 28B(d) of Chartered Accountants Act, 1949.
- (b) Make recommendations to the Council of ICAI with regard to the quality of services provided by the members of the Institute in respect of matters involving general guidance that needs to be issued to the Audit firms/ members at large in an aggregated manner at such interval as may be considered appropriate by the Board u/s 28B(a) of Chartered Accountants Act, 1949 .
- (c) Issue advisory and guidance to the AFUR for improvement in the quality of services u/s 28B(c) of Chartered Accountants Act, 1949. A copy of such advisory may also be sent to the ICAI for information. For matter of improvement, in cases where total number of observations (i.e., observations raised by the Technical Reviewer as well as the observations noticed by QRG/QRB) are five or less and none of the observation has any financial effect, whatsoever, in the preparation and presentation of the financial statements of the entity/company, such observations will be categorized as 'Observations for Improvement.' Further the cases (i) where total number of observations are more than 5 or (ii) where total number of observations are 5 or less but one or more observation have financial effect, whatsoever, in the financial statement of the entity/company and case does not fall u/s 28B(d) of the Chartered Accountant Act, 1949, such cases will be categorized as 'Advisory.'
- (d) Inform the details of the non-compliance to the regulatory bod(y)/ies relevant to the entity as may be decided by the Board.
- (e) Intimate the AFUR as to the findings of the Report as well as action initiated as above.

- (f) In case of review arising out of a reference received from a regulatory body, inform the results of review and the details of action taken to the concerned regulatory body.
- (g) Consider the matter completely and inform the AFUR accordingly.

Mechanism for Follow-up of Review Findings

- 40. Quality Review Board shall require AFUR to submit a compliance report to the Board within specified period for adopting necessary measures to avoid recurrence/corrective steps in respect of advisories and guidance issued to AFUR by the QRB u/s 28B(c) of Chartered Accountants Act, 1949 for improvement in the quality of services.
- 41. The Quality Review Board may follow up and review the effectiveness of corrective actions taken by AFURs. The results of reviews shall be used for off-site monitoring as well as for the next on-site review. In case of lack of effective corrective actions by AFURs, the next on-site review might be organized earlier. Horizontal and in-depth analysis of results of individual off-site monitoring and on-site review will be conducted to identify industry-wide issues across audit firms. The Quality Review Board may also share results of such analysis with relevant stakeholders, as may be decided by the Board.

Confidentiality

- 42. The Board shall be bound to keep all the matters referred to it as well as any other information, papers, documents, etc. received during the course of the review confidential except as and when may be required by any law for the time being in force. Similar confidentiality conditions shall also apply to the members of the QRGs and the TRs and their assistants, if any, and the secretariat associated with the Board.

Measures to avoid Conflict of Interest

- 43. The following declarations have been identified as particularly relevant: -
 - (a) the term "conflict of interest" would be defined/spelt out clearly without any ambiguity;
 - (b) appropriate declaration be obtained from the TR and his team with

reference to his / their/ their/ their Audit firm including its Partners "interest", if any, respectively on the concerned entity and AFUR.

Publication of Review Findings

44. With a view to apprising the stakeholders and others concerned about the findings observed during the review, the Board may publish the same in the manner considered appropriate by it.

Modification of Procedure

45. These operating procedures have been prepared by the Board to provide a broad framework for its functioning. It is recognized that the procedures to be followed by the Board might require modification/amendment for the efficient and effective functioning of the Board. Wherever the Board is of the view that these operating procedures require modification in the light of the experience gained or due to changes in circumstances, it may amend or modify these operating procedures as it may deem appropriate.

Parameters for Assigning Rating to Technical Reviewers (TRs)

| S. No. | Evaluation Factor | Description / Basis of Evaluation | Scoring Methodology | Maximum Marks |
|---------------|---------------------------|--|---|----------------------|
| 1 | Acceptance Ratio | <p>Measures the ratio of observations raised by the Technical Reviewer (TR) to observations accepted by the Quality Review Board (QRB).</p> <p>A higher acceptance rate demonstrates superior understanding, accuracy, and relevance of observations raised.</p> <p>Formula: Acceptance Ratio (%) = (Number of observations accepted by QRB ÷ Number of observations raised by TR) × 100</p> | <ul style="list-style-type: none"> • >89% acceptance: 30 marks • 80–89% acceptance: 25 marks • 70–79% acceptance: 20 marks • 60–69% acceptance: 15 marks • 50–59% acceptance: 10 marks • 20–49% acceptance: 5 marks • <20% acceptance: 0 Marks | 30 |
| 2 | Contribution Ratio | <p>Measures the proportion of additional observations identified by QRB relative to total accepted observations.</p> <p>A lower percentage indicates comprehensive review by TR and a higher percentage suggests gaps in TR's review and requiring QRB intervention.</p> <p>Formula: QRB Additional Contribution (%) = (Additional observations raised by QRB ÷ Total observations accepted) × 100 <i>(Total observations accepted = TR observations accepted + Additional observations by QRB)</i></p> | <ul style="list-style-type: none"> • Upto 5% additional observations: 25 marks • 6–20% additional observations: 20 marks • 21–40% additional observations: 15 marks • 41–60% additional observations: 10 marks • 61–80% additional observations: 5 marks • >80% additional observations: 0 marks <p>Note:- If the case is recommended to the Disciplinary Directorate based on additional observations raised by the QRG/QRB, the marks allocated under this parameter shall be zero, regardless of the percentage contribution.</p> | 25 |

| | | | | |
|---|--------------------------|---|--|-----------|
| 3 | Quality of Report | <p>Qualitative assessment of the Technical Reviewer's report on the basis of parameters like:</p> <p>a) Clear identification and articulation of discrepancy. (May be evaluated by clarification sought from the TR in respect of the observation raised)</p> <p>b) Appropriate citation of relevant technical standards, codes, and regulatory requirements (May be evaluated by dropped observations / observations not supported by technical requirements)</p> <p>c) Logical conclusions supported by evidence and cited requirements (May be evaluated by change in category of the observation by QRB)</p> <p>d) Any other factor as may be considered appropriate/relevant</p> | <p>Each observation shall be evaluated based on the following criteria:</p> <p>Out of a total of 30 marks, appropriate marks may be deducted if –</p> <ul style="list-style-type: none"> • The observation is unclear, ambiguously worded, or not properly drafted, requiring clarification. (Maximum Deduction: 10 Marks) • The observation lacks sufficient justification or is not aligned with the applicable technical standards, or requirements. (Maximum Deduction: 10 Marks) • The category of the observation has been incorrectly reported and requires changes. (Maximum Deduction: 10 Marks) or • Appropriate deduction supported by reason/remarks | 30 |
| 4 | Timely Completion | <p>Adherence to approved schedule for completion of review assignment.</p> | <ul style="list-style-type: none"> • Completed within original prescribed timeline of 45 days or approved extended timeline of total 135 days: 15 marks • Completed Beyond Approved Extended Timeline of 135 days: <ul style="list-style-type: none"> ○ 136–150 days – 10 marks ○ 151-180 days – 5 Marks ○ Exceeding 180 days – 0 marks • Completed beyond prescribed time of 45 | 15 |

| | | | | |
|--|--|--|---|--|
| | | | days, without Approved Extension: <ul style="list-style-type: none"> ○ 55–90 days – 10 marks ○ 91–135 days – 5 marks ○ Above 135 days – 0 marks | |
|--|--|--|---|--|

Overall Rating Bands (for performance summary):

| | | | |
|--------|-----------|--------------|-------------------|
| 91-100 | Excellent | 61-70 | Average |
| 81-90 | Very Good | 60 and below | Needs Improvement |
| 71-80 | Good | | |

Standard Operating Procedure (SOP) for conducting Quality Reviews (QRs)

| | | |
|----|--|--------|
| 1. | The review shall start from the date of issuing intimation letter for initiating Quality Review Procedure 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 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 observations to AFUR through the portal. | |
| 5. | AFUR to submit reply on the preliminary observations to TR within reasonable time. | |
| 6. | TR to submit his Final Report to QRB through the portal 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 also submit a copy of the Annual report of the company/entity for the year. | Day 45 |

| | | |
|----|--|--|
| 7. | <p>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.</p> <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-day extension (Further Extension of upto 45 days) can be given by the Chairperson, QRB on case-to-case basis. | |
| 8. | <p>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:-</p> <ul style="list-style-type: none"> -1st communication may be sent, by way of letter by speed 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. -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>-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> <p>In the above context, it may be further noted that where no response from the AFUR is received to the preliminary observations and/or final observations submitted by the TR even after three follow-up communications, the Board may decide to consider the observations raised by the TR as final submission and proceed in the matter accordingly.</p> | |
| 9. | AFUR to send their submissions on the Final Observations on the review portal within 7 days of submission of the final observations by TR. | Day of receipt of report as above + 07 days |
| 10. | 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 1 st 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 2 nd reminder. | |

| | | |
|-----|--|---|
| | <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. | Upon receipt of the reply of AFUR on the Final Observations, TR shall submit to QRB within next 7 days his final comments on the base of AFUR Final Responses. | Day of receipt of reply from AFUR as above + 7 days |
| 12. | In case of delay in receipt of the inputs from TR, the procedure as specified at serial numbers 10 may be followed. | |
| 13. | <p>After the receipt of final report of the TR along with the reply of AFUR thereon and TR's Final Report, the QRB 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 at the meeting of the QRG.</p> <p>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. | QRG may call for additional details/ information from the concerned TR and/or AFUR, if needed. | |

| | | |
|-----|--|--|
| 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>QRB'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-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 QRB'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> | |