

## **Model Preliminary Report (Initial Findings)**

{Name of practice unit}

Dear Sir/Madam,

This is with reference to the peer review of your firm carried out by me on {mention the date} for the period(s) {mention the period(s)}. I am expressing my opinion on the quality control system as designed by your firm and its implementation. My observations regarding the deficiencies observed by me in the system of quality control for the assurance services of your firm is enclosed as Appendix. You are requested to send your representation/ comments on the observations, so that the report may be submitted to the Peer Review Board.

Signature of the Reviewer

(Name of the Reviewer)

Membership No.

Reviewer's Code No.

Email ID: Contact No.:

Place:

**Date :**

# Model Final Report

---

## A. Final Report

To Peer Review Board.

As per your letter no. \_\_\_\_\_ dated \_\_\_\_\_, I have carried out the peer review of ***{name of the practice unit}*** FRN \_\_\_\_\_ having its registered Head Office at ***{address of the practice unit HO}*** for the period(s) ***{mention the periods reviewed}***. The review was conducted in accordance with the Statement on Peer Review issued by the Institute of Chartered Accountants of India.

### **Objective**

The major focus of the review was on Compliance with Technical, professional & ethical Standards, Quality of Reporting, Office systems and procedures and the Training Programme for staff (including Articled and Audit Clerks) concerned with assurance function including appropriate infrastructure engaged in assurance services. I am expressing an opinion on the implementation of quality control policies and procedures designed to ensure the compliance of Technical, professional & ethical Standards and maintenance of quality of assurance services and its implementation.

### **Limitation**

This review was limited primarily to inquiries of the Practice Unit's personnel and an overall examination of the systems and procedures and a selection of engagement working papers, and was therefore not intended to identify or discover all weaknesses. This review was also not intended to focus on isolated cases of control or engagement performance deficiencies but rather on weaknesses of a pervasive and chronic nature. As there are inherent limitations in the effectiveness of any system of quality control, departure from the system may occur and not be detected. Also, projection of any evaluation of system of quality control to future periods is subject to the risk that the system of quality controls may become inadequate because of changes in conditions, or that the degree of compliance with the policies and procedures may deteriorate.

### **Opinion**

In my opinion the system of quality control for the assurance services of ***{name of practice unit}*** for the period under review has been designed so as to carry out professional assurance services assignments in a manner that ensures compliance with technical, professional & ethical standards laid down by the Institute and maintenance of the quality of assurance service work they perform.

Signature of the Reviewer

(Name of the Reviewer)

Membership No.

Reviewer's Code No.

Place:

Date :

## B. Qualified Final Report

To Peer Review Board.

As per your letter no. \_\_\_\_\_ dated \_\_\_\_\_, I have carried out the peer review of ***{name of the practice unit}*** FRN \_\_\_\_\_ having its registered Head Office at ***{address of the practice unit HO}*** for the period(s) ***{mention the periods reviewed}***. The review was conducted in accordance with the Statement on Peer Review issued by the Institute of Chartered Accountants of India.

### **Objective**

The major focus of the review was on Compliance with Technical, professional & ethical Standards, Quality of Reporting, Office systems and procedures and the Training Programme for staff (including Articled and Audit Clerks) concerned with assurance function including appropriate infrastructure engaged in assurance services. I am expressing an opinion on the implementation of quality control policies and procedures designed to ensure the compliance of Technical, professional & ethical Standards and maintenance of quality of assurance services and its implementation.

### **Limitation**

This review was limited primarily to inquiries of the Practice Unit's personnel and an overall examination of the systems and procedures and a selection of engagement working papers, and was therefore not intended to identify or discover all weaknesses. This review was also not intended to focus on isolated cases of control or engagement performance deficiencies but rather on weaknesses of a pervasive and chronic nature. As there are inherent limitations in the effectiveness of any system of quality control, departure from the system may occur and not be detected. Also, projection of any evaluation of system of quality control to future periods is subject to the risk that the system of quality controls may become inadequate because of changes in conditions, or that the degree of compliance with the policies and procedures may deteriorate.

### **Qualified Opinion**

In my opinion, because of the deficiencies described below, the system of quality control for the assurance services of ***{name of practice unit}*** for the period under review has not been designed so as to carry out professional assurance services assignments in a manner that ensures compliance with technical, professional & ethical standards laid down by the Institute and maintenance of the quality of assurance service work they perform.

## **Reasons for Qualified Opinion (Illustrative)**

1 The review disclosed that the firm's quality control policies and procedures do not provide a means of ensuring that the financial statements reported on include all relevant disclosures. As a result, we noted financial statements that did not include all of the disclosures required by the technical, professional & ethical standards and, in one instance, financial statements that were materially misleading.

2 The review also disclosed that as required by the firms policy the review of the audit work performed by each assistant is not done by the personnel of at least equal competence to ensure that the work is performed in accordance with audit programme, results are properly documented, objective of audit procedures are achieved. Similarly some more weaknesses were noticed in the Internal control system which requires improvement. The list of the areas which require improvement is enclosed as Annexure to this report.

As per the requirement of Statement on Peer Review, I had sent the preliminary report to the practice unit for their representation relating to the above aspect. In my opinion, the representation received from the practice unit is not satisfactory. A copy of preliminary report and the practice unit's representation thereon are enclosed as Annexure to this report.

Signature of the Reviewer

(Name of the Reviewer)

Membership No.

Reviewer's Code No.

Email ID: Contact No.:

Place:

Date :

**Annexure to the Final Peer Review Report of M/s\_\_\_\_\_ for Peer Review Period\_\_\_\_\_**

**General instructions: Tick 'Yes' / 'No', wherever applicable.**

<b>Sl. No.</b>	<b>Particulars</b>	<b>Observations</b>	
1	Date on which questionnaire is received		
2	Number of initial samples selected for review		
3 (a)	Was there any change made in initial sample selected by the Reviewer?	Yes/No	
(b)	If 'Yes', specify the number selected, after change		
4	Name of the Qualified Assistant of the reviewer (if any) who helped in the		
5	Whether general controls are in existence and operating effectively during the period under review?		
	(i) Independence	Yes/No	
	(ii) Professional Skills and Standards	Yes/No	
	(iii) Outside Consultation	Yes/No	
	(iv) Staff Supervision and Development	Yes/No	
	(v) Office Administration	Yes/No	
6	Whether audit records administration is satisfactory?	Yes/No	
7	Whether working papers are properly maintained?	Yes	No
8	Whether review of internal control systems was carried out properly in performing assurance engagement?	Yes	No
9	Whether proper systems and procedures exist within the PU to ensure compliance with technical, professional and ethical standards?		
	(i) Accounting Standards including Interpretations thereof	Yes/No	
	(ii) Auditing and Assurance Standards including General Clarifications thereof	Yes/No	
	(iii) Statements	Yes/No	
	(iv) Guidance Notes	Yes/No	
	(v) Institute's Notifications/ Directions	Yes/No	
	(vi) Self Regulatory Measures	Yes/No	
10	Whether overall presentation of financial statements conforms to statutory requirements of presentation under various Statutes?	Yes	No
11	Whether audit conclusions drawn are duly supported by audit queries/observations?	Yes	No
12	Whether the quality of audit reports in respect of format and content found proper?	Yes	No
13(a)	Whether the Reviewer has issued preliminary report?	Yes	No
(b)	Whether the preliminary report issued by the Reviewer contained any	Yes	No/NA

	deficiencies? ( <i>Discrepancies regarding Tendering Process should form part of Preliminary Report</i> )		
(c)	If 'Yes', please specify the areas of deficiencies ..... ..... ..... .....		
14(a)	Whether PU has responded to the preliminary report?	Yes	No/NA
(b)	Whether the Reviewer is satisfied with the response received from the PU?	Yes	No/NA
15	If the Reviewer is not satisfied with the response of the PU, whether qualified report has been issued?	Yes	No/NA
16(a)	Is the Final Report qualified?	Yes	No/NA
(b)	If 'Yes', specify the reasons ..... ..... ..... .....		
17	Whether the Reviewer received full co-operation from the PU during review?	Yes	No
18	Is there any point which the Reviewer wants to bring to the notice of the Board? If yes, please elaborate separately. ..... .....		
19 (a)	Whether the PU obtained/Procured any professional work including attest functions through process of tendering.	Yes/NO/NA	
(b)	If yes, then please attach sheet provided by PU in required format	Yes/NA	
20 (a)	Whether appointment letters are properly issued to staff recruited by the PU.	Yes/No	
(b)	If not, whether the fact, with response of PU has been incorporated in Preliminary Report (Point 13(a) mentioned above)		
21	Whether Reviewer has selected the samples as per the criteria as mentioned for Sample selection by the Board. (as per direction given in 'Reviewer selection letter')	Yes/No	
22 (a)	Whether PU has been reviewed by Quality Review Board?	Yes/No	
22(b)	If Yes, has the Reviewer ensured for the necessary compliance as regards to the submission of Compliance Report to QRB by PU? When was Compliance Report submitted? (refer point 2(t) of Part B of the Questionnaire)	Yes/ No/ N.A	

**Signature**

**Date:**

**Name of the Reviewer**

**Membership**

**No. RE No.**

**Email ID:**

**Contact no**

