

## Chapter 17 – PEER REVIEW

### MEANING, OBJECTIVES & SCOPE OF PEER REVIEW

<b>Meaning</b>	<ul style="list-style-type: none"> <li>Examination &amp; Review of systems &amp; procedures to determine whether they have been put in place by PU</li> <li>for ensuring the quality of attestation services as envisaged and implied/mandated by the <b>technical standards, Ethical Standards &amp; Professional Standards</b> and</li> <li>whether these were effective or not during the period under review.</li> </ul>
<b>Objectives</b>	<ol style="list-style-type: none"> <li>To ensure that members while carrying out assurance service assignments comply with <b>Technical, Professional and Ethical Standards</b> issued by the Institute;</li> <li>To ensure that member has in place proper system, including documentation thereof, for maintaining the quality of assurance services;</li> <li>To ensure adherence to various statutory &amp; regulatory requirements.</li> <li>To identify and address patterns of non-compliance with quality control standards.</li> </ol>
<b>Scope</b>	<p>Peer Review process shall apply to <b>all assurance services</b> provided by PU. While carrying out review, reviewer examines assurance engagement records of PU so as to cover the following:</p> <ol style="list-style-type: none"> <li>Compliance with <b>Technical, Professional &amp; Ethical Standards</b>;</li> <li>Quality of reporting.</li> <li>Systems and procedures for carrying out <b>assurance services</b>.</li> <li>Training programmes for staff concerned with assurance functions, including availability of appropriate infrastructure.</li> <li>Compliance with directions and/or guidelines issued by the Council including Fees to be charged, Number of audits undertaken, register for Assurance Engagements conducted during the year and such other related records.</li> <li>Compliance with directions and/or guidelines issued by the Council in relating to article assistants and/or audit assistants, including attendance register, work diaries, stipend payments, and such other related records.</li> </ol>

#### Technical, Ethical & Professional Standards

- (1) AS issued by ICAI and/or prescribed and notified by the C.G. of India;
- (2) Standards issued by the ICAI including
  - (a) Engagement standards
  - (b) Statements
  - (c) Guidance notes
  - (d) Standards on Internal Audit
  - (e) Statements on Quality Control
  - (f) Notifications/Directions/Announcements/Guide lines/Pronouncements/Professional standards issued by the Council or any of its committees.
- (3) Framework for Preparation & presentation of F.S.;
- (4) Framework of statements and SA, SAE, SQC
- (5) Guidance Notes on related services issued by ICAI;
- (6) Provisions of the various relevant statutes and/or regulations which are applicable in the context of the specific engagements.

**Assurance Services' is used interchangeably with Audit Services, Attestation Functions & Audit Functions, but shall not include the following:**

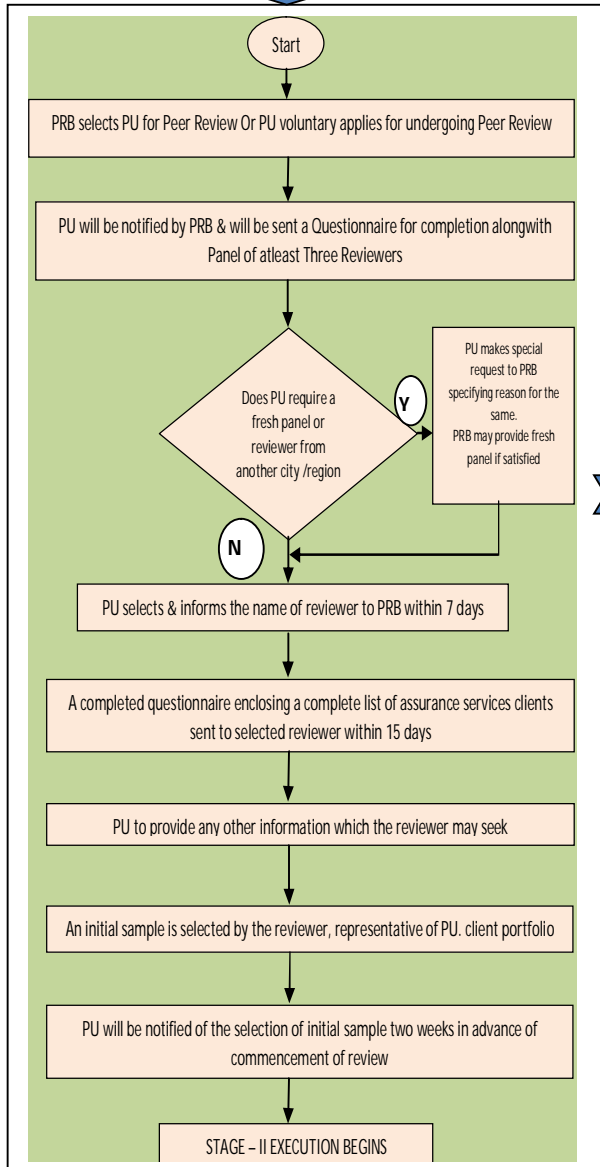
1. Management Consultancy Engagements;
2. Representation before various Authorities;
3. Engagements to prepare tax returns or advising clients in taxation matters;
4. Engagements for compilation of F.S.;
5. Engagements solely to assist the client in preparing, compiling or collating information other than F.S.;
6. Testifying as an expert witness;
7. Providing expert opinion on points of principle, such as AS or the applicability of certain laws, on the basis of facts provided by the client; and
8. Engagement for Due diligence

### Miscellaneous

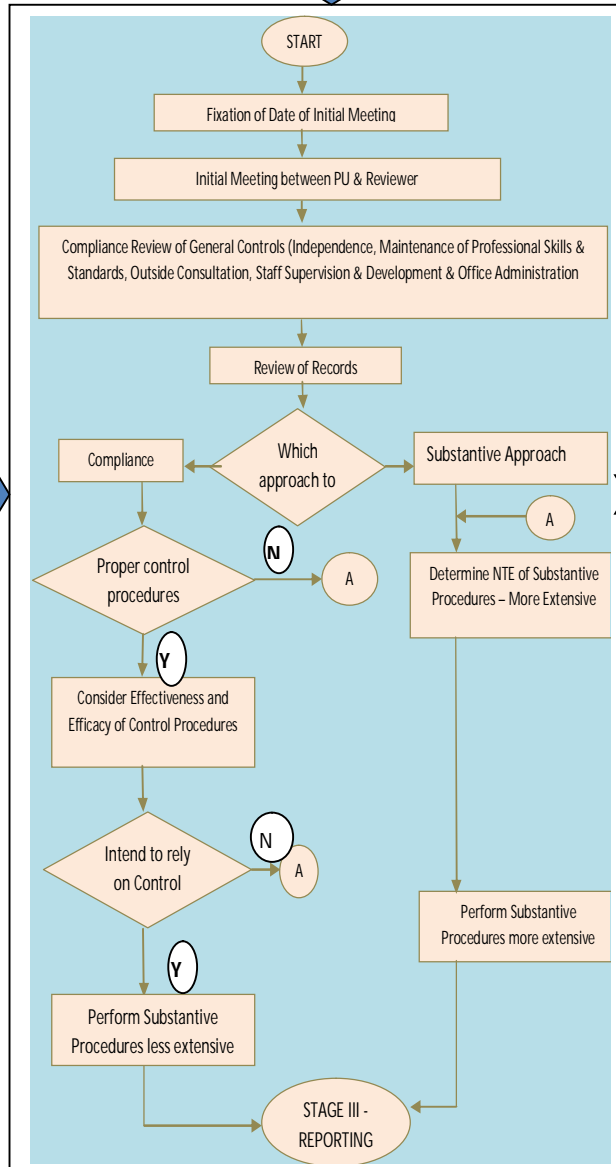
<b>Assessment of Independence</b>	<ul style="list-style-type: none"> <li>Does the PU have a policy to ensure independence, objectivity and integrity, on the part of partners and staff? Who is responsible for this policy?</li> <li>Does the PU communicate these policies and the expected standards of professional behaviour to all staff?</li> <li>Does the PU monitor compliance with policies and procedures relating to independence?</li> <li>Does the PU periodically review its association with clients to ensure objectivity and independence?</li> </ul>
<b>Collection of Evidences</b>	<p>A Peer Reviewer collects evidence by applying the following methods:</p> <ol style="list-style-type: none"> <li><b>Inspection:</b> It includes scrutiny of documentation &amp; other records of PU.</li> <li><b>Observation:</b> Of procedures/processes followed in the PU.</li> <li><b>Inquiries:</b> From responsible person of PU, even by the use of questionnaire.</li> </ol>
<b>Inherent Limitations of Peer Review</b>	<ul style="list-style-type: none"> <li>Review is conducted in accordance with Statement on Peer Review.</li> <li>Review would not necessarily disclose all weaknesses in compliance of technical standards and maintenance of quality of assurance services since it would be based on selective tests.</li> <li>As there are inherent limitations in the effectiveness of any system of quality control which happens to be subject-matter of review, departure from the system may occur &amp; may not be detected.</li> </ul>

# PEER REVIEW PROCESS

## Stage I - Planning



## Stage II - Execution



## Stage III - Reporting

