



# INSTITUTE OF CHARTERED ACCOUNTANTS OF INDIA

## CHHATRAPATI SAMBHAJINAGAR BRANCH OF ICAI, WIRC

### NEWS LETTER FOR DECEMBER 2025



**ICAI - SET UP BY AN ACT OF PARLIAMENT**

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## Chairman's Message

Dear Professional Colleagues,

As we approach the final month of the calendar year, December 2025 presents meaningful opportunities for reflection, learning, and preparation for emerging professional challenges. The CSN Branch continues its commitment to capacity building, skill enhancement, and outreach through a thoughtfully planned set of programs for members and students alike.

The month will commence with a **half-day seminar on Cyber Psychology**, focusing on understanding human behavior in the digital environment—an increasingly relevant area in today's technology-driven professional landscape. This will be followed by a **one-day training program for Peer Reviewers**, aimed at strengthening audit quality, professional discipline, and best practices in compliance and review processes.

In line with our focus on guiding future professionals, a **Career Counseling Program at Pearls Academy** is also scheduled, providing students with clarity on career pathways, opportunities, and the evolving role of Chartered Accountants in a dynamic economy.

A major highlight of the month will be the **two-day seminar on New Practice Avenues for Chartered**



**Accountants**, planned towards the end of December. This program is designed to explore emerging domains, niche practice areas, and diversification opportunities, helping members align their professional growth with changing market demands.

I encourage all members and students to actively participate in these upcoming programs and make the most of the learning and engagement opportunities offered by the branch. Together, let us continue to build competence, confidence, and credibility within the profession.

Warm regards,

**CA Mahesh Indani**

Chairman, CSN Branch of ICAI (WIRC)

## Photos and Activities for the Month November 2025



1. Dated 11 Nov 2025, Felicitation of WIRC Team 2025, Lightning of Lamp, Dignitaries on Dias, L-R, CA. Parth Agrawal, WICASA Chairman CA. Sameer Shinde, Branch Committee Member CA. Aishwarya Bramhecha, Branch Vice Chairman CA. Amol Godha, Branch Secretary CA. Anand Totla, Branch

Nominee CA. Jayesh Kala, WIRC Vice Chairman CA. Piyush Chandak, Central Council Member CA. Umesh Sharma, Branch Chairman CA. Mahesh Indani, Hon. WIRC Chairman CA. Ketan Saiya, WIRC Secretary CA. Jeenal Savla, WIRC Treasurer CA. Fenil Shah, CA. Dipti Jain, Branch Treasurer CA. Rafeeqe Pathan and Branch Committee Member CA. Kedar Pande.



2. Dated 11 Nov 2025, Inauguration of Accounting Museum by WIRC Team 2025.

3. Dated 11 Nov 2025, Interactive Meet with Newly Qualified Chartered Accountants.





4. Dated 11 Nov 2025, One day Seminar on Estate planning and succession related aspects & Wealth Management, floral Welcome of Speaker CFA. Akshat Garg by CA. Praveen Bangad.



5. Dated 22 Nov 2025, Half day Seminar on GSTR 9 & 9C, Floral Welcome of CA. Anand Nahar by Branch Secretary CA. Anand Totla.



6. Dated 23 Nov 2025, National Talent hunt, Poetry & Extempore Competitions.

7. Dated 27 Nov 2025, Mega Career Counseling at Sir Sayyed College of Arts Commerce Science By CA. Nagarjunrao Akula



8. Dated 27 Nov 2025, Mega Career Counseling at Maulana Azad College of Arts Science and Commerce by CA. Nagarjunrao Akula



9. Dated 27 Nov 2025, Mega Career Counseling at Jai Bhavani Vidyalaya Jalgoan by CA. Kavita Nath



10. Dated 27 Nov 2025, Mega Career Counseling at Indira Kanya Vidyalaya By CA. Kavita Nath



11. Dated 27 Nov 2025, Mega Career Counseling at SBES COLLEGE OF ARTS AND COMMERCE by CA. Samruddhi Lunawat.



12. Dated 27 Nov 2025, Mega Career Counseling at shri Gujrati vidya mandir school by CA. Khushaboo Kabra

13. Dated 27 Nov 2025, Mega Career Counsellor at Jagruti High School by CA. Khushaboo Kabra



14. Dated 27 Nov 2025, Career Counseling at ST JOHNS HIGH SCHOOL by CA. Khushaboo Kabra



15. Dated 27 Nov 2025, Career Counseling at AGRASEN VIDYA MANDIR by CA. Khushaboo Kabra



16. Dated 29 Nov 2025,  
Blood Donation Camp



17. Dated 29 Nov  
2025, Career  
Counseling at  
Ahiylabai Holkar  
Vidyalaya by CA.  
Kavita Nath



18. Dated 29 Nov 2025, One day  
Seminar on GSTR 9 & 9C and  
Aggregation of CA Firms,  
Presentation of Momento to  
Speaker CA. Abhijit Kelkar by  
Branch Chairman CA. Mahesh  
Indani.

# Peer Review and Audit Quality Maturity Model (AQMM)

- by CA Ramlaxman Nolakha

## Building a Culture of Quality, Integrity, and Excellence in the Chartered Accountancy Profession

### Introduction: The Evolving Role of Chartered Accountants

The Chartered Accountancy profession has consistently played a pivotal role in safeguarding public interest, ensuring financial discipline, and supporting economic growth. Over the years, the expectations from Chartered Accountants have expanded significantly—from compliance and reporting to governance, assurance, risk management, and advisory responsibilities. In this evolving environment, quality of audit and assurance services has emerged as the cornerstone of professional credibility.

Recognising this reality, the Institute of Chartered Accountants of India (ICAI) has continuously strengthened its quality assurance mechanisms. Among the most significant initiatives in this direction are the Peer Review mechanism and the Audit Quality

Maturity Model (AQMM). These frameworks are not merely regulatory requirements but powerful tools for capacity building, self-improvement, and professional excellence.

To deepen understanding and practical application of these frameworks, a One Day Training Programme on Peer Review - Rationale, Significance, Review Procedures, Reporting and AQMM was organised under the aegis of the Peer Review Board of ICAI and hosted by the Chhatrapati Sambhaji Nagar Branch of WIRC of ICAI. The programme was addressed by CA Ramlaxman R. Nolakha, an eminent faculty member and experienced peer reviewer, who shared invaluable insights drawn from practical experience and regulatory guidance.

### ICAI's Vision and the Centrality of Quality

ICAI's Vision 2030 envisages the Institute as the world's leading accounting body, serving as a regulator and developer of trusted, independent professionals with world-

class competencies in accounting, auditing, taxation, finance, and business advisory services. Achieving this vision requires not only technical excellence but also robust systems that ensure consistency, ethics, and quality across the profession.

Peer Review and AQMM directly support this vision by:

- Encouraging lifelong learning and continuous professional development
- Ensuring adherence to technical, professional, and ethical standards
- Enhancing public trust in the CA profession
- Aligning Indian audit practices with global best practices

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### **Understanding Peer Review: Concept, Meaning, and Philosophy**

Peer Review, in the context of the CA profession, refers to a systematic evaluation of the quality control systems and procedures adopted by a Practice Unit while rendering audit and assurance services. It is conducted by an independent Chartered Accountant of similar

standing, referred to as a *Peer Reviewer*.

The fundamental philosophy of peer review is improvement, not inspection. It is neither an investigation nor a fault-finding mission. Instead, it aims to:

- Assess whether systems and procedures are designed appropriately
- Verify whether these systems are implemented effectively
- Identify areas of improvement, particularly those that are pervasive or recurring
- Provide constructive guidance to enhance quality

Globally, peer review has been adopted by leading accounting bodies as a means of ensuring that professional services meet consistently high standards. ICAI introduced peer review in India through the establishment of the Peer Review Board (PRB) in 2002.

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### **Types and Applicability of Peer Review**

Peer Review under ICAI guidelines may be undertaken in the following forms:

## 1. Mandatory Peer Review

Mandated by the ICAI Council for specified categories of Practice Units, particularly those auditing:

- Listed entities
- Banks (other than cooperative banks, except multi-state cooperative banks)
- Insurance companies

## 2. Voluntary Peer Review

Any Practice Unit may voluntarily apply for peer review to demonstrate its commitment to quality and professional excellence.

## 3. Special Peer Review

Initiated by the Peer Review Board based on specific information received from regulators, disciplinary authorities, or other credible sources.

## 4. Peer Review of New Units

Applicable to newly established Practice Units as per prescribed guidelines.

Peer Review has also been recognised by regulators such as SEBI and C&AG, making it an important factor for empanelment, audit eligibility, and professional standing.

## Peer Review Guidelines, 2022: A Comprehensive Framework

The Peer Review Guidelines, 2022 provide a structured and transparent framework governing the entire peer review process. The guidelines cover:

- Definitions and scope of peer review
- Eligibility and obligations of Practice Units and Reviewers
- Review criteria and methodology
- Documentation and reporting requirements
- Ethical responsibilities and timelines

The review process involves both off-site and on-site procedures, ensuring thorough evaluation while maintaining efficiency.

### Off-Site Review

Includes evaluation of:

- Application-cum-Questionnaire (Form 1)
- List of assurance engagements
- Selection of representative samples
- Preliminary analysis of policies and procedures

### On-Site Review

Includes:

- Inspection of audit files and documentation
- Enquiries with partners and staff
- Observation of procedures and workflows
- Evaluation of compliance with Standards on Auditing, ethical standards, and quality control requirements

The review is conducted within defined timelines and is based on professional judgement, cooperation, and mutual respect.

- Audit methodology and execution
- Human resource management and training
- Use of technology and digital tools
- Monitoring, documentation, and continuous improvement

AQMM provides:

- A self-assessment tool for firms to evaluate their current maturity level
- A structured pathway for progressive improvement
- A transparent scoring mechanism that enhances stakeholder confidence

AQMM v1.0 was made mandatory from 1 April 2023 for certain audit firms, while AQMM v2.0, introduced subsequently, further refines the framework and expands its scope.

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### **Audit Quality Maturity Model (AQMM): A Transformational Framework**

One of the most significant developments in recent years is the introduction of the Audit Quality Maturity Model (AQMM). AQMM represents a shift from mere compliance to maturity-based quality assessment.

AQMM evaluates audit firms across multiple dimensions, including:

- Leadership and governance

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### **Integration of AQMM with Peer Review**

AQMM is now closely integrated with the peer review process. During peer review, the reviewer evaluates:

- AQMM self-evaluation scores submitted by the Practice Unit

- Justifications provided for scores awarded
- Alignment of AQMM scores with actual systems and practices

The AQMM level achieved by a firm is recorded on the ICAI website and reflected in the peer review certificate, thereby enhancing transparency and accountability.

- The review focuses on systemic issues rather than isolated lapses
- A clean report does not imply absolute perfection

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### Reporting under Peer Review

Peer Review reporting is governed by detailed guidelines and includes:

- A formal peer review report submitted to the Peer Review Board
- Annexures covering compliance with standards, systems, and procedures
- AQMM evaluation and maturity level

The report expresses an opinion on the design and implementation of quality control systems, subject to inherent limitations. It is important to note that:

- Peer Review is not intended to identify all deficiencies

### Ethical Foundations and Professional Values

At the heart of Peer Review and AQMM lie the core ethical principles of the CA profession:

- Integrity
- Objectivity
- Professional competence and due care
- Confidentiality
- Professional behaviour

Peer Review reinforces these values by promoting:

- Self-discipline and accountability
- Continuous learning and skill enhancement
- Ethical decision-making and professional judgement

It reminds members that the signature of a Chartered Accountant is a symbol of trust, built through

consistent adherence to quality and ethics.

## Challenges and Practical Considerations

The programme also addressed practical challenges in peer review, such as:

- Time constraints and documentation readiness
- Judgement-based evaluations
- Coordination between reviewers and Practice Units
- Managing expectations and professional sensitivities

These challenges can be effectively managed through early preparation, transparent communication, and a positive mindset focused on improvement rather than apprehension.

## Conclusion: Peer Review as a Journey, Not an Event

Peer Review and AQMM are not mere regulatory obligations; they are instruments of professional transformation. They help firms strengthen internal systems, adopt best practices, leverage technology,

and enhance audit quality in a structured manner.

As the profession moves forward in an increasingly regulated and scrutinised environment, embracing peer review in its true spirit will be crucial for:

- Sustaining public trust
- Enhancing professional credibility
- Building resilient and future-ready audit practices

Quality is not a destination but a continuous journey. Peer Review and AQMM provide the roadmap for that journey—guiding Chartered Accountants towards excellence, integrity, and enduring professional relevance.

## QUIZ - Answer in Yes/No or True/False

(analyze, think and discuss with fellow professional too, )

1. PRB was established in the year 2010.
2. As per guidelines in PRB, Peer can be tax consultant also.
3. Peer review is not less than investigation.

4. Peer review board is non standing committee of ICAI.
5. Now even 2 members CA firm mandatory required to get reviewed even if no listed audits.
6. Spouse of reviewer can assist in review process off site even if not CA declared to PRB.
7. Code of Ethics volume III describes various case laws reference.
8. For assurance documentation guidelines- SA 230 is relevant.
9. SQC 1 is mandatory for all firms irrespective of size.
10. PM's of Bharat has vision of Viksit Bharat 2047, ICAI for vision document - 2049.
11. In SQC 1 there are 6 elements of policies to be specified by all firms.
12. Using words such as eminent, leading, distinguished, highly specialised allowed on website of firms.
13. Taking annual independence declaration financial year wise is enough compliance.
14. For evaluation and assessment of Going Concern -SA 570 is relevant.
15. Former PM Manmohan Singh said CA's are "Partner in Nation Building".
16. Peer review whole process completion time prescribed is 45 days from the date of appointment.
17. For review process to begin reviewer need to mail Form 2 being acceptance cum Declaration of confidentiality to PRB only.
18. EQCR as required under para 60 onwards of SQC1 can be also MBA.
19. SQC1 is mandatory for all engagements relating to accounting period beginning on or after April 2009.
20. CPE hours compliance is optional for women CA.
21. For enrolment as reviewer 3 years practising experience is enough.
22. Only Reviewer's signature is required to make an application to Board in Form 7 for extension of time for completion of review process.
23. Along with final report, reviewer also to put his observations in Annexure I and II for reporting purposes.
24. GN on Tax audit contain format of tax audit assurance carried register to maintain.
25. Guidance notes are recommendatory in nature.

26. A CA firm name can be put at residence of member.

27. Number of days in which assembly of engagement documentation to be completed is 60 days of report.

28. There is separate code of conduct for Articles trainee/students.

29. Sending of speed post letter is enough to comply for communication with previous accountant auditor.

30. Quality of preparations determine the quality of your performance do you agree? If yes, do you follow?

31. **Understand and give opinion - learning and analysing skills**

a. CA firm not able to visit for Cash verification on last date at client's office-what to do?

- qualify report,

-study internal control/obtain management certificate for denominations and who counted with extract of cash book pages,

-CA firm not required to present,

-better refer handbook/guidance note and follow action.

b. Client brings from previous auditor acknowledgement of communication just before 1 hour of last date for

submission of report- if such audit can be accepted?

-Deny even though excellent amount of fee offered,

-Send a person to previous auditor office with our letter, request for 7 days back dated sign,

-Talk to previous CA and get affirmation as promise only,

-Any other

c. A CA firm directly sent letters for bank balances confirmations to Bank and Bank did not respond, later CA firm accepted scanned copies statement of bank account received from client and kept in documentation file,

-Notice deficiencies in procedure if any,

d. Peer reviewer found during review in one of sample assurance that CA firm(PU) signed tax audit but communication and acceptance of previous auditor was of later than sign date, later CA firm brought back dated communication letter from previous auditor and explained compliance-what reviewer should do?

-Accept PU's submission,

-Do not accept and report in final report,

- Since it was not chronic juts make a documentation note and close the file,
- Make to understand CA firm that such practices are unethical and does not fall for acceptance in any case,
- All above or any other

e. After intimation of proposed 3 names for selection of reviewer by PRB , PU firm calls for meeting with one of reviewer, during meeting , PU request to complete pending documentations for engagements which they will pay separately, if yes, PU will intimate board for name confirmation. if offer of PU is ethical?

**Answer= true/false/discuss with fellow participant or phone a friend or help line 9322140998-  
DISCLAIMER-only awakening quiz, refer ICAI website,**

1- PRB was established in the year----

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2. Review is voluntary for all types of professional firms,

3. Review can be carried by other than CA, as per PRB guidelines,

4. Review report need to generate UDIN,

5. Together we can grow- slogan was by PRB,

- 6. Fault finding is significant objective of review,
- 7. Review is not Audit, Assurance or Certification,
- 8. PRB is standing committee of ICAI,
- 9. Review enhances quality of assurances,
- 10. As of now PR guidelines 2022 is in operation,
- 11. PR mechanism is gathering momentum speedily,
- 12. Review covers technical, professional, but not ethical standards,
- 13. Review need not focus on training and office administration,
- 14. Key objective of PR is to identify isolated cases of engagement failures but not to identify weaknesses that are pervasive and chronic in nature,
- 15. as per latest phase IV of mandatory peer review announcement, 3 or more partners firm to get reviewed by 01/04/2025
- 16- SQC1 will be replaced with SQM1, SQM2 when effective,
- 17- name top level CA personality ,who said institute is my GURU?
- 18- if you are reviewing FIRM,S Auditing listed entities, as reviewer

you are required to pass additional test as per Guidelines 2022, though not implemented till now,

19- Peer reviewed firm means every system and procedures are designed and applied reasonably 2

20- If a firm wants to survive in professional field of practice of assurances it's recommended to get peer reviewed,

21- ICAI logo depicts GARUDA taken from "Garuda Puran,"

22- before applying for peer review, it is better to get reviewed internally periodically,

23- a practice units is suggested to start readying documentation once applied for review,

24- review period generally dates back covers to assurances SIGNED in previous 3 financial years,

25-ICAI, motto song starts with.....and ends with .....sanskrit words,

26- assembly of documentation is required to complete with in 90 days, and no modification in documentation filing thereafter,

27- There are 3 types of file maintenance suggested in PR manual- CAF, PAF, ATF

28- CAQ Directorate is non standing committee of ICAI,

29- ICAI administratively works under MCA,

30, getting passed test of peer reviewer and getting listed on panel is prestigious work,

31- ICAI is putting in directions for quality assurances through PRB, CAQ and other committee's with international standards,

32, Peer review significantly contribute for enhancing firm's ratings and reliability in the eyes of regulators, stakeholders,

33-AQMM scores put by PU is also evaluated by peer reviewer,

34- total scores points to be reviewed are 660 in AQMM v1. Or v2..

35- AQMM scores can be independently reviewed,

36.- there is certificate of 1 year validity given for AQMM review too by PRB,

37- currently there are 4 gradings/levels in AQMM review,

38-AQMM is speciality, exclusively only at ICAI and no such practice at International accounting bodies.,

39- AQMM first mandatorily effective from 01/04/2023 as per CAQ notifications,

40- AQMM scores and level cannot be put on website/stationery of CA firm reviewed,

# Peer Review in ICAI: From Compliance Requirement to Culture of Quality

In an era of heightened regulatory expectations and increasing public scrutiny, peer review has emerged as one of the most powerful instruments for strengthening quality in assurance services rendered by chartered accountants. Far beyond being a mere compliance formality, the peer review framework of the Institute of Chartered Accountants of India (ICAI) is gradually shaping a culture where quality, ethics and robust documentation become the natural way of working for practice units across the country. At the heart of this transformation stands the Peer Review Board (PRB) of ICAI, supported by updated guidelines, recognition from key regulators, and a steadily expanding base of firms that now hold valid peer review certificates. Together with emerging tools such as the Audit Quality Maturity Model (AQMM), the peer review mechanism is redefining what it means to deliver high-quality assurance in India's fast-evolving business and regulatory landscape.

## Inception and evolution of the Peer Review Board

The idea of peer review within ICAI did not appear overnight; it was the result of a deliberate and forward-looking thought process that began in the late 1990s. Around 1998, the Institute conceptualised a system by which the work of professionals could be independently reviewed, not with the intention of fault-finding, but with the larger objective of enhancing quality and public confidence.

In the early years of the 21st century, the Council of ICAI formally introduced the peer review mechanism, leading to the constitution of the Peer Review Board in the early 2000s. This Board was entrusted with the responsibility of framing policies, processes and eligibility norms, selecting practice units for review, empanelling reviewers, and overseeing the entire implementation of the mechanism. From those early days, peer review has moved from being an experimental initiative to a central pillar of ICAI's quality assurance architecture.

## What exactly is peer review?

Peer review is often misunderstood as a form of re-audit of specific files or

engagements, whereas its true focus lies at the level of systems, procedures and culture. As defined under the current framework, peer review is an examination and review of the systems and procedures put in place by a practice unit to ensure the quality of assurance services, and to check whether these have been consistently applied during the period under review.

This definition is wide enough to cover compliance with technical standards (such as Standards on Auditing), professional requirements, ethical norms and also, wherever applicable, the Audit Quality Maturity Model and other regulatory expectations prescribed by the Council or its committees. The emphasis is on the design and implementation of systems - including documentation - that "amply demonstrate" the quality of services rendered. In that sense, peer review looks beneath the surface of individual reports and opinions, and examines the foundation upon which those opinions are built.

### **Objectives: from assurance to confidence**

The primary objective of peer review is to ensure that members rendering assurance services comply with all

applicable technical, professional and ethical standards, as well as other regulatory requirements. This, in turn, enhances the credibility of financial information and other assurance outputs that are relied upon by regulators, investors, lenders, managements and the public at large.

But the objectives do not stop at mere compliance. Peer review aims to see that practice units have proper systems in place, and that these systems are adequately documented to demonstrate the quality of work. It provides an independent perspective, enabling firms to identify strengths and weaknesses in their quality controls, internal review processes, training mechanisms and documentation practices. Over time, this feedback loop is expected to foster a self-sustaining culture of continuous improvement rather than a one-time correction.

### **Peer Review Guidelines, 2022 - a comprehensive framework**

A major milestone in the evolution of the peer review mechanism has been the issuance of the Peer Review Guidelines, 2022 by the Council of ICAI under the Chartered Accountants Act, 1949. These guidelines constitute a complete code

governing the peer review process and cover the terms of reference, roles and responsibilities of practice units, reviewers and the Board, as well as detailed procedures relating to planning, execution and reporting.

Under this framework, the life-cycle of a peer review typically encompasses:

- Selection of the practice unit and appointment of the reviewer.
- Detailed planning, including understanding the nature and size of the practice unit, identifying focus areas and selecting sample engagements.
- Execution of the review, where systems, documentation, quality control procedures and selected files are examined in the light of applicable standards and requirements.
- Reporting, where the reviewer summarises observations and, where necessary, suggests improvements, culminating in the issuance (or otherwise) of a peer review certificate by the Board.

The guidelines also integrate peer review with AQMM review for statutory auditors of listed entities,

banks and insurance companies, thereby harmonising different quality initiatives under a common umbrella.

### **Who is a practice unit and who is a reviewer?**

In peer review terminology, a "practice unit" refers to a firm of chartered accountants or a member in practice - whether in an individual name or a trade name - or any other entity as may be recognised by ICAI from time to time. This ensures that the mechanism can cover a wide spectrum of assurance providers, from small proprietary concerns to larger partnership or LLP firms handling complex and high-volume engagements.

A "reviewer" is a member of the Institute who has been duly approved and empanelled by the Peer Review Board after fulfilling prescribed qualifications and conditions. The eligibility criteria emphasise both experience and competence:

- A minimum number of years of experience in assurance practice or in relevant employment, with stipulated audit exposure.
- Being in whole-time practice at the time of enrolment as a reviewer.

- Completion of a one-day training programme designed specifically for peer reviewers.
- Successful clearance of an online test conducted by the Board.

Equally important are the disqualifications and safeguards built into the framework. A member is not eligible to act as a reviewer if any disciplinary proceedings are pending, if the member has been found guilty of professional or other misconduct, or if there is a conviction for an offence involving moral turpitude and punishable with imprisonment. Further, to preserve independence and avoid conflict of interest, a reviewer cannot accept any professional assignment from the practice unit for two years prior to and two years after the date of appointment as reviewer.

### **Growing recognition by regulators**

One of the strongest endorsements of the peer review framework has come from regulators who directly depend on the work of chartered accountants.

The Securities and Exchange Board of India (SEBI), for instance, has mandated that limited review and statutory audit reports submitted to stock exchanges by listed entities should be signed only by auditors who

have been subjected to peer review and hold a valid peer review certificate from ICAI. This requirement, applicable since April 2010, has significantly increased the relevance of peer review for firms involved in capital market-related audits.

Similarly, the Comptroller and Auditor General of India (CAG) has revised its policy for empanelment of CA firms and appointment as auditors of companies under the Companies Act, as well as statutory corporations and autonomous bodies. Under the revised policy, firms holding a valid peer review certificate are awarded additional points (up to a maximum prescribed limit) for empanelment purposes, underscoring the value placed on independent quality assurance.

These recognitions send a clear signal: peer review is not just an internal institutional initiative of ICAI, but a quality assurance filter relied upon by key stakeholders in the financial reporting ecosystem.

### **Mandate roll-out: phases and coverage**

The peer review mandate has been designed to be rolled out in a phased manner, balancing the need for

comprehensive coverage with the practical realities of capacity and preparedness within the profession.

- Phase I (applicable from 1 April 2022) covers practice units proposing to undertake statutory audits of enterprises whose securities are listed, as well as other specified public interest entities, and practice units having a minimum threshold number of partners rendering attestation services.
- Phase II (from 1 July 2024) and Phase III (from 1 July 2025) extend the requirement to practice units that intend to audit unlisted public companies having large paid-up capital, turnover or aggregate outstanding borrowings, and to larger firms based on number of partners.
- Phase IV (from 1 January 2026) further expands the mandate to practice units proposing to undertake audits of branches of public sector banks and to firms with three or more partners providing attestation services.

For all such practice units, a peer review certificate becomes a pre-requisite before accepting the

relevant statutory audits, ensuring that entities of significant public interest are audited only by firms that have successfully undergone an independent quality review.

As of 27 November 2025, more than 8,200 CA firms in India hold valid peer review certificates, and the number continues to rise as the mandate extends to more categories of practice units. This steady progress reflects growing acceptance of peer review across the profession.

### **Cost, effort and the value proposition**

Understandably, firms often ask about the cost and practical effort involved in peer review. The Peer Review Board has recommended a fee structure linked to the average gross receipts from assurance services and, where applicable, to separate AQMM reviews. The scale ranges from modest fees for smaller firms to higher slabs for larger practice units and those handling statutory audits of listed entities, banks and insurance companies.

While the monetary cost is one dimension, the real investment lies in preparing for review: implementing quality control policies, training staff, strengthening documentation, and

ensuring that procedures are consistently followed. However, this investment yields multiple dividends:

- Better-designed systems reduce the risk of non-compliance and professional negligence.
- Improved documentation supports audit conclusions and defends the firm in case of disputes or inspections.
- A valid peer review certificate enhances credibility with clients, regulators and financial institutions, and can be a differentiator in competitive environments.

Seen in this light, peer review shifts from being an external obligation to an internal strategic asset.

### **Activities and vision for 2025-26 and beyond**

Looking ahead, the Peer Review Board has outlined several activities for 2025-26 to deepen and broaden the impact of peer review. A key focus area is strengthening the pool of reviewers by organising refresher courses for existing reviewers and by improving the quality of training for new empanelments. As the mandate widens, the demand for competent reviewers will grow, and building their

capabilities is central to the Board's agenda.

Another important thrust is educating practice units about the peer review process and requirements, thereby reducing fear or uncertainty and enabling firms to prepare systematically. Efforts are also being made to automate the peer review process, making it easier and more efficient for both reviewers and practice units to manage communication, documentation and reporting. Supporting these initiatives are publications such as Peer Review Manual (Volume I and II) and the Handbook on Peer Review, which serve as practical guides for members.

### **Towards a culture of quality**

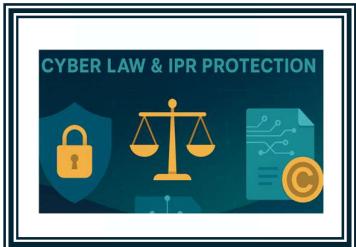
Ultimately, the success of peer review will not be measured merely by the number of certificates issued, but by the depth of change in the way firms think about and deliver assurance. When internal quality reviews become routine, when engagement documentation naturally reflects the requirements of standards, and when ethical considerations are at the forefront of every decision, peer review will have achieved its true purpose.

For members and firms, this is an invitation to view peer review not as a hurdle but as an opportunity - an opportunity to benchmark practices, learn from feedback, and position themselves as trustworthy partners to the economy. As the mandate rolls

out further and regulators continue to rely on peer review as a quality filter, embracing this mechanism will be essential for any practice unit that aspires to remain relevant, resilient and respected in the years ahead.

## Upcoming events

## 1. 6<sup>th</sup> Dec 2025 - One-day Training Program for Peer Reviewers.



2. 22<sup>nd</sup> Dec 2025 - One Day Seminar Cyber Security, IPR and Labour Code.



#### 4. Career counselling Programs