

# **Guidelines for Peer Review of Attestation Services by Practising Company Secretaries**

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## **Guidelines for Peer Review of Attestation Services by Practising Company Secretaries**

**(As amended by the Council in its 254<sup>th</sup> (Adj.)  
Meeting held on 1<sup>st</sup> September, 2018)**

### **1. Introduction**

The Company Secretaries Act, 1980 (the Act) was enacted to make provision for the regulation and development of the profession of Company Secretaries. The Institute of Company Secretaries of India set up under the said Act has been conducting examinations and prescribing standards for adherence by its members.

The concept of whole-time practice, which gained its initial recognition in 1988, gained momentum after the enactment of the Companies (Amendment) Act, 2000 which required Compliance Certificate to be issued by Practising Company Secretary for certain size of companies. Our members in practice are also being recognised for issuing certificates under various laws. The Companies Act, 2013, introduced concept of secretarial audit to specified class of companies, which shows confidence of the Regulators on the Profession of Company Secretaries.

Excellence is the hallmark of success in a competitive environment. The performance can be judged and enhanced to that level of excellence only by evaluation by a competent professional. The Council of the Institute, therefore, in its 202nd meeting held on 25th and 26th August, 2011 decided to introduce Peer Review for Practising Company Secretaries to periodically review the Practice Units and evaluate the quality, sufficiency of systems, procedures and practices, so that excellence in their performance can be maintained.

The Council of the Institute has been constituted under the Company Secretaries Act, 1980 for discharging the functions assigned to the Institute under the Act. Section 15 of the Act provides that “the duties of carrying out the provisions of this Act shall be vested in the Council” and enumerates various duties of the Council. With a view to regulate the profession of Company Secretaries and in terms of the powers vested, the Council is thus authorised to issue these guidelines for Peer Review and also modify/ amend/ adopt new guidelines in this respect from time to time. These guidelines serve as a mechanism intended to further enhance the quality of professional services rendered by Practising Company Secretaries over a period of time, thereby ensuring that the profession of Company Secretaries continues to serve the society in the manner envisaged.

## **2. Objectives**

- 2.1 The main objective of Peer Review is to ensure that in carrying out their attestation services and professional assignments, the Practice Units (a) comply with the Technical Standards laid down by the Institute and (b) have in place proper systems (including documentation systems) for maintaining the quality of the attestation services work they perform.
- 2.2 Peer Review is directed towards maintenance as well as enhancement of quality of attestation services and to provide guidance to members to improve their performance and adhere to various statutory and other regulatory requirements. Essentially, through a review of attestation services engagement records, Peer Review identifies the areas where a practising member may require guidance in improving the quality of his/her performance and adherence to various requirements as per applicable Technical Standards.
- 2.3 These guidelines provide a framework of the Peer Review process and the requirements of what is expected of a member during the conduct of a Peer Review.

## **3. Key Definitions - For the purpose of these guidelines**

- 3.1 Associate – Subject to the provisions of Part I of the First Schedule to the Company Secretaries Act, 1980 an “associate” includes any member holding Certificate of Practice and signing [in the style “Associate of .....

[Individual / Firm / LLP Name]”] on behalf of a PCS with whom such member is in partnership or employment.

3.2 Attestation Services means-

- 1) Annual Returns Certified/Signed
- 2) Certificates Issued under Regulation 40 (9) of SEBI (LODR) Regulations, 2015
- 3) Secretarial Audit Reports issued Section 204 of the Companies Act, 2013 / Regulation 24A of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015
- 4) Issuance of Annual Secretarial Compliance Reports
- 5) Internal Audits under Section 138 of the Companies Act, 2013
- 6) Audit Reports issued under Clause 76 of SEBI (Depositories & Participant Regulations) 2018
- 7) No. of Certificate issued under Regulation 56 of LODR Regulation 34(3) read with Schedule V, Para C, Clause (b) (i)
- 8) No. of Compliance Certificates issued under Clause E, Schedule V of SEBI (LODR) Regulations, 2015
- 9) Internal Audit of Registrar and Share Transfer Agent (RTA) under SEBI Circular No. SEBI/HO/MIRSD/CIR/P/2018/73
- 10) Internal Audit of Credit Rating Agencies under SEBI Circular No. SEBI/MIRSD/CRA/Cir-01/2010
- 11) Issuance of Internal Audit Certificate for operations of the Depository Participants
- 12) Number of half yearly bank due diligence certificates issued

3.3 Concurrent Records – means the records relating to the attestation services such as correspondence of the Practice Unit with its clients, query letters, information sought from clients, engagement letters, forms uploaded on MCA21, details of Board and General meetings, copies of paid challans etc.

3.4 Engagement Records – means the permanent records and concurrent records relating to the attestation services and also includes the letter of engagement, if any, issued to the Practice Units.

3.5 Firm – means a sole practitioner, partnership, Limited Liability Partnership or any other entity of professional Company Secretaries as may be permitted by law and constituted under The Company Secretaries Act, 1980 & Regulations made thereunder.

3.6 Member - means a member of the Institute of Company Secretaries of India.

3.7 Partner – includes any individual holding Certificate of

Practice, with authority to bind the firm with respect to the performance of a professional services assignment.

- 3.8 Practice Unit - means members in practice, whether practicing individually in own name, or as a sole proprietorship, or as a partner of a firm/LLP of Company Secretaries.
- 3.9 Peer Review - Means an examination and review of the systems, procedures and practices to determine whether they have been put in place by the Practice Unit for ensuring the quality of attestation services as envisaged and implied/mandated by the Technical Standards and whether these were effective or not during the period under review.
- 3.8 Peer Review Board - means Board established by the Council in terms of these Guidelines to carry out the purposes of these Guidelines. The expression "Peer Review Board" is hereinafter referred to as "Board".
- 3.9 Permanent Records – include KYC formats, master data on MCA website, signatory details, details of CIN, DIN, authorised and paid up capital, etc.
- 3.10 Regulator – means Government or any regulatory body constituted by the Parliament or State Legislature who is/are empowered to regulate the Acts, Rules, Regulations, etc. as per the authority given to them under the Act or any other Legislation.
- 3.11 Reviewer - means any member engaged, to carry out Peer Review, from the panel of Peer Reviewers as maintained by the Board.
- 3.12 Technical Standards - Mean and include:
- Secretarial Standards issued by the Institute of Company Secretaries of India and notified by Central Government, which are mandatory;
  - Guidance Notes on Secretarial Standards issued by the Institute of Company Secretaries of India;
  - Compliance of the Guidance Notes issued by the Institute of Company Secretaries of India which are applicable in the context of the specific engagements being reviewed.
  - Compliance of the provisions of the various relevant Statutes and/or Regulations, which are applicable in the context of the specific engagements being reviewed.;
  - Notifications/Directions issued by the Council of Institute of Company Secretaries of India; and
- 3.13 Qualified Assistant – means a person assisting the reviewer for carrying out peer review, who is a member of the Institute and has undergone adequate training in the manner considered appropriate by the Board in terms of clause 15.1 of the Guidelines.

3.14 Words and expressions used and not defined in these guidelines shall have the meanings assigned to them under the Company Secretaries Act, 1980 and the Company Secretaries Regulations, 1982 framed thereunder and as amended from time to time.

#### **4. Authority of the Guidelines on Peer Review**

4.1 The guidelines on Peer Review shall apply to all or any of the following cases :

- (a) Whenever Peer Review is mandated on the Instructions of Government / Regulators
- (b) Whenever Peer Review is requested Voluntarily by the Practice Unit
- (c) Whenever Peer Review is conducted on the basis of random selection

4.2 The Guidelines on Peer Review are issued in relation to conduct of members in attestation services:

- to promulgate an appropriate mechanism for ensuring the quality of attestation services and guide the members to conduct themselves in a manner that the Council considers appropriate;
- to provide guidance in relation to the statutory powers and obligations with respect to the parties involved in Peer Review;
- to prescribe the scope of Peer Review and the procedures to be adopted during the conduct of Peer Review; and
- to establish the expected conduct of members during Peer Review.

#### **5 Powers of the Council**

The powers of the Council shall include-

- To constitute the Board and to fill in the vacancies arising in the Board from time to time.
- To decide upon, from time to time, the Technical Standards, the implementation of which will fall within the purview of the Peer Review process.
- To refer such matters to the Board as the Council may deem fit.

#### **6 Peer Review Board**

##### **6.1 Constitution and Appointment**

- (1) The Board shall be constituted by the Council.
- (2) The Board shall consist of not less than seven members to be appointed by the Council, of whom at least four shall be from amongst the Members of the Council.

- (3) The balance members of the Board shall be drawn from amongst prominent members of high integrity and reputation, including but not limited to, former public officials, regulatory authorities etc.
- (4) The Council shall appoint the Chairperson and the Vice-Chairperson from amongst the Members of the Council.
- (5) At least one-half of Council Members on the Board shall hold Certificate of Practice.
- (6) The tenure of the Peer Review Board shall be co-terminus with the tenure of the Council and the term of a member shall be for such period as may be prescribed by the Council.
- (7) Any vacancy(ies) on the Board shall be filled in by the Council.
- (8) Members of the Disciplinary Committee of the Institute of Company Secretaries of India shall not concurrently serve on the Board.

## **6.2 Meetings**

- (1) No business shall be transacted at a meeting of the Board unless there are present at least three members, including the Chairperson or, in his absence, the Vice-Chairperson.
- (2) If there is no quorum within half an hour of the time fixed for the meeting, the meeting shall stand adjourned to a date, time and place fixed by the Chairperson or, in his absence, the Vice-Chairperson.
- (3) The Board shall meet at least four times in a year, provided that not more than 120 days shall elapse between two consecutive meetings of the Board.

## **6.3 Reporting**

The Board shall submit proceedings of the meeting of the Board within 30 days from the date of its meeting, to the Council.

## **7. Scope of Peer Review**

- (1) The Peer Review process is directed to the attestation services of Practice Units.
  - (1) Once a Practice Unit is selected for review, its engagement records pertaining to the immediately preceding financial year shall be subjected to review.
  - (2) The Review shall focus on:
    - (i) Compliance with Technical Standards.
    - (ii) Quality of Reporting.

- (iii) Office systems and procedures with regard to compliance of attestation services, systems and procedures.
- (iv) Training Programs for staff (including trainees) concerned with attestation functions, including appropriate infrastructure.

## **8 Powers of the Board**

The Board shall exercise such powers as provided in these guidelines for the purpose of discharging its duties under the provisions of these guidelines.

- 8.1 The duty of carrying out the provisions of these guidelines shall be vested in the Board.
- 8.2 In particular, and without prejudice to the generality of the foregoing powers, the duties of the Board shall include:
  - (1) To call for information from Practice Units in such form, as it deems fit.
  - (2) To maintain a panel of Peer Reviewers.
  - (3) To define the terms of appointment of the Reviewers.
  - (4) To send a Panel of at least 3 (three) Peer Reviewers (from the panel maintained in terms of these Guidelines) to the Practice Unit and allow the Practice Unit to choose any one Reviewer from the panel so forwarded.

Provided that in case the Practice Unit would like to have Reviewers from another State/Region (and undertakes to bear the extra costs that would be incurred for TA/DA etc.), then the Practice Unit may make a special request to the Board to provide names of Reviewers from outside the State/Region where the Practice Unit has his place of business.

- (5) To examine the aspects of basis of selection of records pertaining to the attestation services in terms of the appropriate Technical Standards.
- (6) To arrange for such training programs for Reviewers and orientation programmes for practice unit as may be deemed appropriate;
- (7) To prescribe the system, practice and procedure to be observed in relation to Peer Review; and
- (8) On considering the Report of a Reviewer, to do any or all of the following:
  - (a) To issue recommendations to the Practice Unit;
  - (b) To order a further Peer Review to be carried out;
- (9) After considering the report of the Reviewer and compliance of recommendations by the Practice Unit, wherever deemed appropriate by the Board, to issue

Peer Review Certificate.

(10) To guide the members on best practices on Peer Review.

(11) Such other action(s) as may be necessary for the fulfilment of these Guidelines.

8.3 Where deemed appropriate, after the conclusion of a cycle of reviews or at the end of each such period as may be determined, the Board shall have the powers to make a Special Report to the Council on:

(i) General issues regarding the level of implementation and adherence to Technical Standards amongst practice units.

(ii) Its own suggestions for further improvement in quality of attestation services.

8.4 The Board may perform any other duties or acts as may be incidental to, or, which it considers necessary or expedient for the performance of its functions or exercise of its powers as delegated to it by the Council, including the formation of sub-committees and regional councils of the Board for specific tasks.

## **9. Compliance with Peer Review Guidelines**

9.1 Practice Units are required to comply with the provisions of these Guidelines. Practice Units failing in this regard will be required to undergo appropriate review of their quality controls by the Board in terms of such specific directions as may be given to it by the Council in these regards from time to time and as notified to the members.

9.2 Practice Units failing to comply with these Guidelines shall be liable for disciplinary action as provided under the Company Secretaries Act, 1980.

## **10. Qualifications of the Reviewer**

10.1 The nature and complexity of Peer Review require the exercise of professional judgement. Accordingly, an individual to be empanelled as Peer Reviewer shall:-

a) Be a member with at least 10 years of experience post qualification as Company Secretary

b) Be currently holding Certificate of Practice as issued by the Institute;

10.2 Further to be empanelled as Peer Reviewer, a member shall not have: -

a) disciplinary action / proceedings pending against him during the past 3 years;

b) been convicted by a Competent Court whether within or outside India, of an offence involving moral turpitude and punishable with transportation or imprisonment;



- 10.3 The Board may examine the quality of the report and shall have powers to remove the Reviewer from the panel of Peer Reviewers, in case the quality of the review/report fails to match the desired standards.
- 10.4 Sitting members on the Council / Regional Council and sitting Office Bearers of Managing Committee of the Chapter(s) of the ICSI shall not act as Peer Reviewers till they demit their office.

## **11. Practice Units Subject to Review**

- 11.1 Peer Review shall be conducted on the basis of random selections of the Practice Units or at the request of Practice Units or in the situations mentioned in 11.2 and 11.3 given below.
- 11.2 If Client of Practice Unit requests the Board for the conduct of Peer Review of the concerned Practice Unit, the Board shall take due cognizance of such request and in that case the cost of the Peer Review shall be borne by such client.
- 11.3 If Council / Government or any regulatory body requests the Board for conduct of Peer Review of any Practice Unit, the Board shall take due cognizance of such request and in that case the cost of Peer Review shall be borne by the concerned Practice Unit.
- 11.4 The Peer Review Board may alter/change/modify the above method of selection with prior approval of the Council.

## **12. Obligations of the Practice Unit**

### **12.1 Access to records or documents:**

- (1) Any person to whom this clause applies and who is reasonably believed by a Reviewer to have in his/her possession or under his/her control any record or other document, which contains or is likely to contain information relevant to the Peer Review shall:
- (i) Produce to the Reviewer or allow him/her access to, any record or document specified by the Reviewer or any other record or document which is of a class or description so specified and which is in his/her possession or under his/her control/ being in either case a record or other document, which the Reviewer reasonably believes is or may be relevant to the Peer Review, within such time as the Reviewer may reasonably require;
  - (ii) If so required by the Reviewer, allow and provide him such explanation or further particulars in respect of anything produced in compliance with the requirements

under sub clause (i) above, as the Reviewer shall specify; and

- (iii) Provide to the Reviewer all assistance in connection with Peer Review which he/she is expected to provide.
- (2) Where any information or matter relevant to a Practice Unit is recorded otherwise than in a legible form, the Practice Unit shall provide and present to the Reviewer a reproduction of any such information or matter, or of the relevant part of it in a legible form, with a suitable translation in English if the matter is in any other language and such translation is requested for by the Reviewer.
- (3) The Practice Unit shall ensure that the Reviewer is given access to all documents relevant to his review no matter which office of the Practice Unit, these documents may be available in, in case the Practice Unit has more than one office.
- (4) A Practice Unit shall allow the Reviewer to inspect, examine or take any abstract of or extract from engagement record or copy therefrom which may be required by the Reviewer.

12.2 For the purpose of this clause a person means a Partner/ designated partner / Sole Proprietor of the Practice Unit to which the particular review relates or any person employed by or whose services are engaged by such unit.

### **13. Periodicity of Peer Review**

13.1 The Peer Review of every Practice Unit should be mandatorily carried out at least once in a block of five years and the validity of the Peer Review Certificate shall be five years from the date of issue.

If the Board so decides or otherwise at the request of the Practice Unit, the Peer Reviews for a practice unit can be conducted at shorter intervals.

Further, in case the PU is reviewed within two year of its incorporation, the validity of the Peer Review Certificate shall be two years.

### **14. Cost of Peer Review**

14.1 The cost of Peer Review for reviewer and his qualified assistant(s) as may be decided by the Board from time to time, shall be borne by the Practice Unit. In case reviewer has to conduct second review, the same rate would apply to the second review also. Each of the branch / office under review would be considered separately.

14.2 The cost of Peer Review shall be paid by the Practice Unit within 30 days from the receipt of Invoice from the Peer Reviewer.

## **15. Training and Development**

- 15.1 To ensure that the objective of Peer Review is attained in letter and spirit, adequate training facilities shall be provided, from time to time, to the Reviewer(s) and also to other persons who assist the Board as and when and in the manner considered appropriate by the Board. Reviewer shall be expected to be fully familiar with all procedures, technical standards, guidelines and other decisions as may be issued by the Board from time to time.

## **16. Review Framework**

- 16.1 Essentially, a Peer Review entails a review of engagement records and related documents to ascertain that the Practice Unit is adhering to Technical Standards. In certain situations, where a Practice Unit is not following Technical Standards, suggestions and recommendations for improvement should be given which shall possibly be followed by a further review, keeping in view with the primary thrust of Peer Review.
- 16.2 The methodological approach involved in Peer Review can be defined in terms of three stages viz., planning, execution and reporting, which are summarized below:

(i) *Planning*

Notification - A Practice Unit will be notified in writing about an impending Peer Review and will be sent a Questionnaire for completion.

Return of completed Questionnaire - The Practice Unit shall have to complete and return the Questionnaire to the Secretariat within 15 (fifteen) days of receipt. The information will be used for the planning of the review. In addition, Practice Units will be required to enclose a complete list of their attestation services and to provide any other information as the Reviewer may consider necessary to facilitate the selection of a sample of attestation services, engagement records, which represents the Practice Unit's client portfolio, for review.

(ii) *Sample of Attestation Services Engagements*

(a) From the complete list of attestation services, an initial sample will be selected by the Reviewer. Practice Units will be notified of the selection in writing about 2 (two) weeks in advance, requesting the relevant records of the selected attestation services, to be made available for review.

(b) At the execution stage, the initial sample may be reduced to a smaller actual sample for review.

However, if the reviewer considers that the actual sample does not cover a fair cross-section of the Practice Unit's attestation services engagements, he/she may make further selections.

(iii) *Initial meeting*

An initial meeting may be held between the Reviewer and a partner/ sole proprietor of the Practice Unit concerned to conduct the review. The primary purpose of this meeting is to confirm the accuracy of the responses given in the Questionnaire. The description of the system in the Questionnaire may not fully explain all the relevant procedures and policies adopted/ followed by the Practice Unit and this initial meeting can provide additional information. The Reviewer should gather a full understanding of the system and be able to form a preliminary opinion/evaluation of its adequacy at the conclusion of the meeting.

(iv) *Confirmation of visit*

In consultation with the Practice Unit, date(s) will be set for the on-site review to be carried out. Flexibility will be permitted to ensure that members are not uncomfortable at especially busy periods. The on-site review date(s) will be arranged by mutual consent such that the review is concluded within 30 (thirty) days of intimation.

Peer Review visits will be conducted at the Practice Unit's head office or any other office/branch for which Peer Review has been initiated. The complete on-site review of a practice unit may take at least a full day depending upon the size of the Practice Unit. This is based on the assumption that the Practice Unit concerned has made all the necessary information and documentation available to the Reviewer for review. However, in any case this on-site review should not extend beyond 3 (three) working days.

(v) *Compliance Review-General Controls*

(a) The Reviewer may carry out a compliance review of the General Controls and evaluate the degree of reliance to be placed upon them. The degree of reliance will, ultimately, affect the attestation services engagements to be reviewed. The following 5 (five) key controls will be considered as General Controls:

- Independence;

- Professional skills and standards;
- Outside consultation;
- Staff supervision and development;
- Office administration including maintenance of registers and records.

Practice Units are expected to address each of the 5 (five) key control areas.

(b) In each key control area there shall be supplementary questions and matters to consider. These are intended to ensure that the kind of controls that are expected to be maintained, are installed and operated within Practice Units.

(c) All questions in the Questionnaire may not necessarily be relevant to particular types of Practice Units because of the size and culture etc. However, Practice Units should still assess their internal control systems to ascertain whether they address the objectives under the five key control areas.

(vi) Selection of attestation services engagements to be reviewed

(a) The number of attestation services engagements to be reviewed depends upon:

- The number of practicing members involved in attestation services engagements in the Practice Unit;
- The degree of reliance placed, if any, on general quality controls; and
- The total number of attestation services engagements undertaken by the Practice Units for the period under review.

(b) The engagements reviewed should be a balanced sample from a variety of different types of companies. Accordingly, if the Reviewer considers that the actual sample is not representative of the Practice Unit's attestation services client portfolio, he may make further selections from the initial sample or from the complete attestation services list.

(vii) Review of records

The Reviewer may adopt a compliance approach or substantive approach or a combination of both in the review of attestation services engagement records.

(a) Compliance approach-Attestation services Engagements

- The compliance approach is to assess whether proper control procedures have been established by the Practice Unit, to ensure that attestation services are being performed in accordance with Technical Standards.
- Practice units should have procedures and documentation sufficient to cover each of the key areas. Members in smaller practices may find some of the documentation too elaborate for most of their clients and so should tailor their attestation services documentation to suit their particular circumstances with justification for doing so provided to the reviewer.

(b) Substantive approach-Attestation services engagements

A substantive approach will be employed if the Reviewer chooses not to place reliance on the Practice Unit's specific controls on attestation engagements or is of the opinion that the standard of compliance is not satisfactory. This approach requires a review of the attestation working papers in order to establish whether the attestation work has been carried out as per norms of Technical Standards.

**16.3 Reporting**

(i) Preliminary Report of Reviewer

- At the end of an on-site review, the reviewer shall, before making his report to the Board, communicate a preliminary report to the Practice Unit (in case he/she finds any deficiency in the system and procedures of the Practice Unit in rendering Attestation Services to the clients). The Reviewer shall report on the areas where systems and procedures had been found to be deficient or where non-compliance with reference to any other matter was noticed.
- The Practice Unit shall have 15(fifteen) days beginning the day after the day the preliminary report is received from the Reviewer to make any submissions or representations, in writing to the Reviewer, concerning the preliminary report.

(ii) Final Report of Reviewer

- (a) The Reviewer will submit a Final Report to the Board with a copy to the Practice Unit (the Reviewer's Report), incorporating the findings. The Final Report will be examined/inspected by the Board in terms of the degree of compliance with the Technical Standards by the reviewed Practice Unit. The model forms of such Final Reports shall be communicated to the Reviewer by the Board.
- (b) The Board may, if deems fit, issue Peer Review Certificate to the Practice Unit.

OR

- (d) On receiving a report from a Reviewer in terms of these Guidelines, the Board, having regard to the Report and any submissions or representations attached to it, may:
  - make recommendations to the Practice Unit concerned regarding the application by it of Technical Standards;
  - if it is of the opinion that:
    - (1) In case the review is related to a firm, any one or more or all of the partners in the firm may have failed to observe, maintain or apply, as the case may be, Technical Standards;
    - (2) In case the review is related to a member practicing on his own account, the member may have failed to observe, maintain or apply, as the case may be, Technical Standards; Then;
    - (3) Issue instructions to the Reviewer to carry out, within such period as may be specified in the instructions (which period shall not commence earlier than six months after the date on which the instruction is issued), a further Peer Review as regards the Practice Unit to which the report relates; and
    - (4) Specify in the instruction, the matters as regards which the review is to be carried out;
- (e) The Board will make recommendations to the Practice Unit where:

Based on the report of the Reviewer, it appears that the Practice Unit has satisfied all key control

objectives, which the Board has determined and/or prescribed in respect of maintenance of/ adherence to Technical Standards but where further improvements could be made to internal quality control systems; and

Based on the report of the reviewer, it appears that the Practice Unit has satisfied the major key control objectives but some weaknesses exist in others. The Practice Unit is expected to consider the recommendations for rectifying the weaknesses thus identified and informed by the Board and take all necessary actions to ensure that all key control areas are addressed.

- (f) A follow up review will be required where the Practice Unit has not satisfied the Board that all the key control objectives have been maintained and where, in the view of the Board the deficiencies are likely to materially affect the overall quality of an attestation services engagement of the Practice Unit. In such cases the Board will also make recommendations, which it expects the practice unit to implement in order to ensure the maintenance of Technical Standards. The implementation of these recommendations will be examined during the follow up review.
  
- (iv) The Reviewer shall not communicate any Report(s) unless the examination of such Report(s) and related records has been made by him/her or by a partner or an employee of his/her firm.

## **17. Referral of Disputes and Appeal**

17.1 Where a dispute arises over the powers of Reviewers or the process or conclusions reached after the review or to any other matter related to the review, the Practice Unit, the Reviewer or both may refer the dispute, in writing, to the Board. Such referral shall have to be made within 2 (two) months of occurrence of the issue in dispute, in such manner as may be prescribed by the Board in this regard.

17.2 Where a dispute is referred, after considering any submissions or representations (which shall be made in writing) made by the relevant Practice Unit and/or the relevant Reviewer, the Board:

- shall decide the dispute within 6 (six) months of the reference and communicate such decision to each of the parties to the dispute, simultaneously;



- may issue directions relating to the matter in dispute to such Practice Unit or the Reviewer concerned and require such Unit or Reviewer to comply with them within 30 (thirty) days and send a report to the Board of the said compliance within 15 (fifteen) days of such compliance;
- shall convey its decision in these regards to each of the parties within 15 days from the date of the decision.

17.3 Where a Practice Unit is dissatisfied with the decision of the Board, it may refer the matter to the Council within 2 (two) months in such manner as may be prescribed.

## **18. Immunity**

18.1 A Practice Unit, which makes available records or documents to Reviewer(s), shall not incur any liability under the Code of Conduct under the Company Secretaries Act, 1980 and the Regulations framed thereunder, by reason of compliance with these Guidelines on Peer Review.

18.2 The Reviewer, by virtue of carrying out the Peer Review shall not incur any liability other than the liability arising out of his/her own conduct under the Code of Conduct under the Company Secretaries Act, 1980 and Regulations framed thereunder as well as under the relevant clauses of these Guidelines.

18.3 The members of the Peer Review Board shall not incur any liability by virtue of their having discharged the responsibilities as given in these Guidelines and/or as may in future be specified by the Council, other than the liability arising out of their own conduct under the Code of Conduct under the Company Secretaries Act, 1980 and Regulations framed thereunder as well as under the relevant clauses of these Guidelines.

## **19. Confidentiality**

19.1 Strict confidentiality provisions shall apply to all those involved in the Peer Review process, namely, Reviewers, members of the Board, the Council, or any person who assists any of these parties.

19.2 Those persons subject to the secrecy provision:

- (1) shall at all times after their appointment preserve and aid-in preserving secrecy with regard to any matter coming to their knowledge in the performance or in assisting in the performance of any function, directly or indirectly related to the process and conduct of Peer Review.
- (2) shall not at any time communicate any such matter to any other person; and
- (3) shall not at any time permit any other person to have

any access to any record, document or any other material, if any, form which is in their possession or under their control by virtue of their being or having been so appointed or their having performed or having assisted any other person in the performance of such a function.

19.3 Non-compliance with the secrecy provisions in the above clause shall amount to professional misconduct as defined under Section 22 of the Company Secretaries Act, 1980.

19.4 A statement of confidentiality (appended as Annexure 'A') shall be filled in by the person(s) who are responsible for the conduct of Peer Review i.e., Reviewers/ the members of the Board and others who assist them.

## **20. Procedural Departures**

20.1 Where the persons who are responsible for the conduct of Peer Review (Reviewers, the members of the Board and others who assist them) have not followed the prescribed procedures, they shall have to justify significant departures and such justification shall have to be mandatorily made known to the Council in the periodic Reports of the Board to the Council.

## **21. Budget and Finance**

21.1 The Council shall approve the Annual Budget of the Board.

21.2 The Board shall have the autonomy to administer its budget after the approval as above. For this purpose, the Secretary to the Board shall be the authorized officer.

## **22. Secretariat**

22.1 The Council shall cause to be set up an appropriate and independent Secretariat to assist the Board in the discharge of its functions.

22.2 All persons working in the Secretariat shall be subject to the same norms of confidentiality as the Board Members and Reviewer(s).

22.3 Appropriate arrangements for training of personnel of the Secretariat shall be made from time to time.

### Statement of Confidentiality

[In accordance with the Guidelines for Peer Review of Attestation Services by PCS, this statement of confidentiality is to be filled in by the persons who are responsible for the conduct of Peer Review i.e., Reviewers, members of the Board and others who assist them, individually. The Reviewer shall be responsible for taking this undertaking from all those persons who assist him or are likely to assist him in conducting Peer Reviews, and shall send the same to the Board. This statement of Confidentiality should be renewed every year.]

To

The Chairperson  
Peer Review Board  
The Institute of Company Secretaries of India

Sir/Madam,

I hereby declare that my attention has been drawn to the need for confidentiality in the conduct of Peer Reviews. I therefore undertake and assure that in so far as any or all of the following relate to me or are brought to my knowledge/attention, in any manner whatsoever, when so ever, I will ensure that on my part

- Working papers shall always be kept securely so that unauthorised access is not gained by anyone.
- The Practice Unit's attestation services procedures shall not be disclosed to third parties.
- Any information with regard to any matter coming to my knowledge in the performance or in assisting in the performance of any function during the conduct of Peer Reviews shall not be disclosed to any person.

Access to any record, document or any other material, in any form which is in my possession, or under my control, by virtue of my being or having been so appointed or having performed or having assisted any other person in the performance of such functions, shall not at any time be permitted to any other person.

I understand that any breach of the provisions regarding confidential information contained in the Guidelines on Peer Review will be considered as gross negligence and, subject to investigation, will result in appropriate action.

Signature:

Name:

Designation:

Date:

Place:

Taken on record on (date)

By

Signature:

Name:

Designation:

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## Other Guidelines

<b>Guidelines</b>
<p>Limits for the issue of Secretarial Audit Reports:</p> <ul style="list-style-type: none"> <li>10 Secretarial Audits per partner/ PCS, and</li> <li>an additional limit of 5 Secretarial Audits per partner/PCS in case the unit is peer reviewed.</li> </ul> <p>The limits will be applicable for the Secretarial Audit Reports to be issued for the financial year 2016-17 onwards.</p>
<p>Number of Annual Secretarial Compliance Reports to be issued by PCS is 5 (five) reports individually/ per partner in each financial year w.e.f. 1<sup>st</sup> April, 2020 and an additional limit of 5 (five) Annual Secretarial Compliance Reports individually / per partner in case the Unit has been Peer Reviewed.</p>
<p>Secretarial Audit / Annunal Secretarial Compliance Report to be done by Peer Reviewed Units only for:</p> <ul style="list-style-type: none"> <li>Top 100 companies as per market capitalisation w.e.f 1<sup>st</sup> April, 2020</li> <li>Top 500 companies as per market capitalisation w.e.f 1<sup>st</sup> April, 2021</li> <li>all listed companies w.e.f 1<sup>st</sup> April, 2022</li> <li>all companies w.e.f 1<sup>st</sup> April, 2023</li> </ul> <p>Issue of Diligence Report for Banks in case of Consortium Lending / Multiple Banking Arrangements to be undertaken only by Peer Reviewed Practice Units w.e.f 1<sup>st</sup> April, 2020</p>

Further the Council also has decided that the PCS shall mandatorily mention the Peer Review Certificate Number in Secretarial Audit Report / Annual Secretarial Compliance Report / Diligence Report for Banks in format PR-123/2018 and opined the signature of the PCS in the following format:

	For XYZ & Associates
	Company Secretaries
	Name _____
	FCS _____
Date _____	CP _____
Place _____	PR <u>123/2018</u>